

# the taxpayer

WINTER 2014

## Employment Insurance

21st century solutions to a  
20th century program



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- 2014 Tax Changes P16
- Year in Review P18

**Taxpayer.com**

# From the President



Troy Lanigan  
tlanigan@taxpayer.com

## CTF welcomes the world

**T**hank you to Canadian Taxpayers Federation supporters and donors who made 2013 another banner year.

Highlights starting on page 18 include a campaign calling for a referendum on Senate abolition, a major report and recommendations on Employment Insurance reform and the launch of Generation Screwed – a new initiative informing and mobilizing young Canadians on the impact government debts and unfunded liabilities will have on their futures.

Policy victories came in the provinces this past year. CTF-inspired efforts resulted in measurable policy gains in British Columbia, Alberta and Nova Scotia.

Our online presence renewed with a new [DebtClock.ca](http://DebtClock.ca) that provides a more interactive and mobile-friendly experience.

In October I had the opportunity to meet more than 300 CTF supporters across the country who came to receptions in nine cities supporting the launch of the revised national bestseller *Tax Me I'm Canadian*.

In June we recognized three former MPs who in 1993 opted out of the MP pension plan on the grounds it was too rich. Twenty years later, and forgotten by most Canadians, these men have given up a combined \$3.7 million.

As 2014 unfolds our focus will clearly be on controlling spending and ensuring that the government achieves the 2014-15 balanced budget promised by the prime minister during the last federal election.

“The ideal of a free society is fought for by citizens in every corner of the globe. It’s both rare and unique to bring together leaders in that fight in an exchange of ideas and best practices.”

On the heels of success in Nova Scotia, the CTF will also be pushing a federal private member’s bill that would strip any MP or senator of taxpayer-funded pensions should they be found guilty of stealing from taxpayers.


But the biggest undertaking for the organization in 2014 will be hosting the World Taxpayers Conference May 30-31 in Vancouver.

Every two years, the World Taxpayers Associations (WTA) holds an international conference hosted by one of its member organizations.

Long-time CTF supporters will recall our hosting this event in 1998. That year marked the 10-year anniversary of WTA which, at the time, was an umbrella group of just 20 organizations in 15 countries. Today, there are 68 organizations in 54 countries.

As detailed on page 14 the conference will feature speakers from around the world but also showcase a few of our own success stories here in Canada.

Registration information can be found under the “Events” tab at [Taxpayer.com](http://Taxpayer.com) or by calling 1-800-667-7933.

The ideal of a free society is fought for by citizens in every corner of the globe. It’s both rare and unique to bring together leaders in that fight in an exchange of ideas and best practices. We are honoured to host the 2014 World Taxpayers Conference and extend an invitation for you to join us May 30-31 in Vancouver. 

The Canadian Taxpayers Federation is a federally incorporated not-for-profit and non-partisan organization dedicated to lower taxes, less waste and accountable government. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will, non-tax receiptable contributions. All material is copyrighted. Permission to reprint can be obtained by e-mailing the editor: shennig@taxpayer.com. Printed in Canada.

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### Lack of change in Ottawa

Whilst I regard Prime Minister Harper as unimpeachable in personal character, I do feel great disappointment in the lack of achievement in four major issues:

1. Senate reform or preferably abolition. When do we rid ourselves of this unequal, ineffective and unelected body of irrelevance?
2. What happened to the Balanced Budget philosophy? Canada weathered the world recession in great shape so why the obscene growing deficit? I am not a Liberal supporter but I must say Paul Martin did a so far unequalled job of slaying the deficit dragon.
3. Small government rather than Big Brother regime. Now we have the biggest cabinet on record, which inevitably leads to a bureaucracy growing to monstrous size to harass citizens even more than before.
4. Pandering to First Nations and Québécois. We had done the former much wrong in the past but is there no end to the guilt-filled recompense to the enrichment of a few tribal leeches? As for the latter, those Québécois know full well which side of their

bread is buttered and by whom.

I have little faith in my opinions reaching the PMO as those Mandarins have seemingly hermetically sealed the PM from views of lesser creatures. Still, I need to let off steam and will prefer to donate to the Taxpayers Federation from now on.

MauSeng Lee  
West Vancouver, BC

### Senate options

I am never shy to express support for efforts to keep the country within a common sense channel. The CTF does a commendable job in this regard.

However, in some ways I must beg to differ with you on the matter of the Senate. As such, the principle of having a Senate is a sound one. That any good institution can go off the rails is obvious, we badly need reform. We know that the provincial demographics in Canada are a barrier to such a goal. Common sense always plays second fiddle to vested interests here, making it very hard to gain the support of those whose interests would diminish.

As a strategy, you perhaps aim for abolishing the Senate but would settle for structural reform but pushing the government on aspects of Senate governance which can be modified without the involvement of the provinces would likely offer better prospects of success.

It would have helped Ontario to have a well-functioning provincial senate in place to keep the spend-happy Liberals in check, as much as BC could have profited from a senate to keep the NDP in check during its terms in office. Did I write Liberals and NDP? They may not even be our largest problem. Who checks the bureaucracy when ministers and premiers are little more than poster boys for the bureaucrats?

We need checks and balances that work.

Albert (A.A.) van der Heide  
Langley, BC

### Getting bribed with our own money

I'm retired, on a fixed (albeit small one) income (and getting smaller), 80 years old, with some medical problems, and thoroughly cheesed off with the continuing crop of people, running for public office, who lie through their teeth.

The old policy of "telling people what they want to hear" is alive and well. I guess this ploy will never go away. And, why should it; it works.

Think about it: politicians bribe us with our own money and most of us go along with the "con job." The national debt keeps growing and so does the

### Letters to the editor

Letters may be edited for length, content and clarity.

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damned size of government. If "we" do not come to our senses we will wake up some morning and find ourselves in the same "pickle" as our cousins south of the 49<sup>th</sup>.

One of my favourite day-dreams (being retired I "contemplate my navel" a lot) is what a great place Canada would be if there was no national debt and government lived within its means like the rest of us. Canada is a great place already but the money we keep blowing to service debt could be put to better use.

Elmer B. Borneman  
Chase, BC



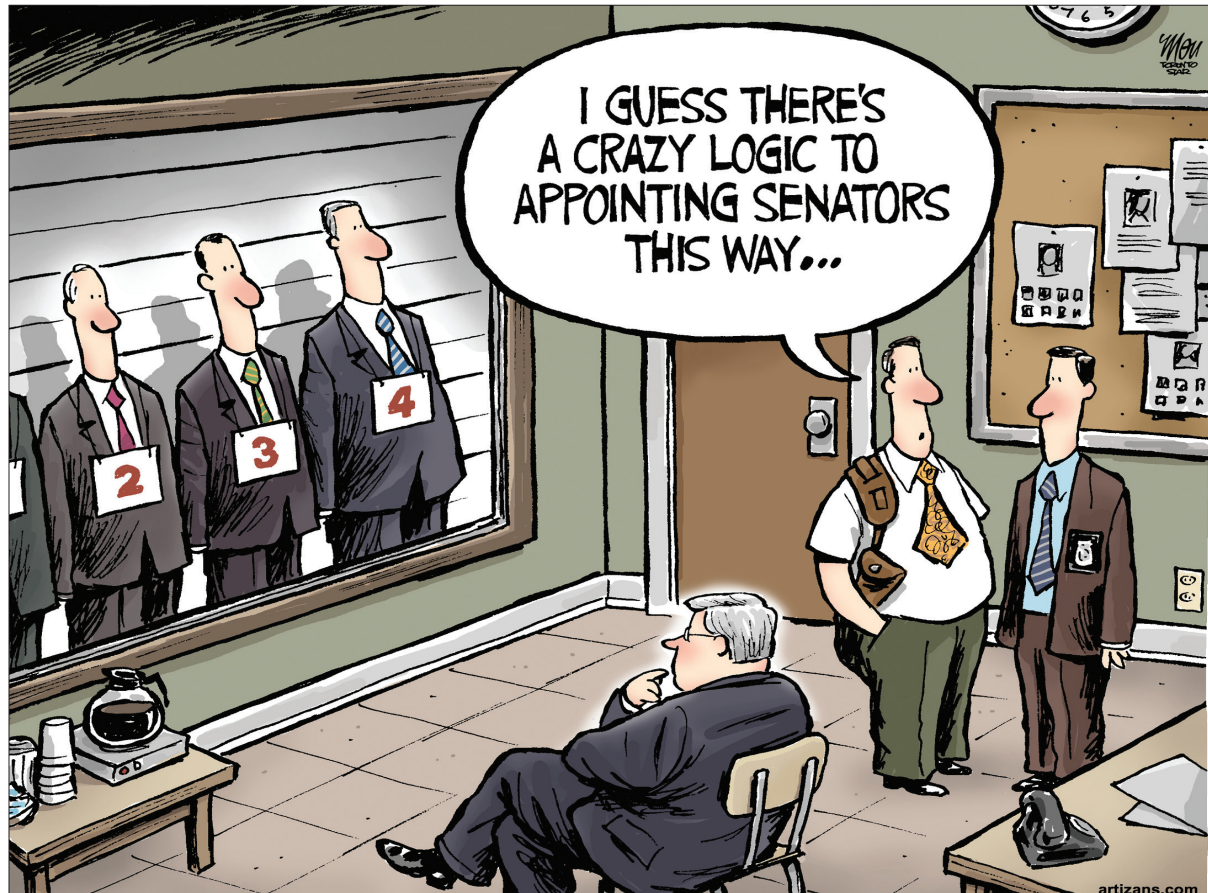
## Featured Supporter

### Roland Engele, Humboldt, SK

CTF Field Agent Don Wolff recently visited Roland and passed along this information:

"Roland and his wife of 63 years are both 90 years old and they have been CTF supporters since 1993. While Roland's wife is recovering from a broken leg, Roland is still very active. He curls one or two times a week and has very good house weight. He hunts and fishes with his grandsons and he still hits the ball dead straight when golfing. When not out staying active Roland enjoys visiting the farm as well as making very tasty wine and beer.

"Roland is an example for Canadians who are too apathetic. When he renewed his support for the Canadian Taxpayers Federation in late 2013 he chipped in an extra \$25 to support the new generation screwed campaign aimed at informing and mobilizing young Canadians."





## Natural Resources' firecracker ideas

Natural Resources Canada recently passed a bunch of new rules and updated old ones.

It is now illegal to have exploding golf balls. In fact, a bunch of novelty items, including dancing crackers, were given the axe.

The new regulations also cover battle re-enactments, such as ones for the War of 1812. These mock battles are now required to have "federally certified" inspectors on hand during the re-enactment.

Fireworks were also a focus of attention. If you decide to use fireworks, you must first go through a lengthy application process and the maximum you can store in your home is 10 kilograms.

Concerning firecrackers, the new regulations state:

"Anyone wanting to buy firecrackers must first write the Chief Inspector of Explosives, providing their name, date of birth and past experience using firecrackers; then apply for a municipal permit; then obtain a fire extinguisher and non-flammable clothing..."

It is incredible that anyone survived the '60s and '70s, when you could buy firecrackers at any corner store.

With files from *Blacklock's Reporter*

## Dutch welfare reform

Europe has long been the Mecca for welfare activists wanting richer benefits for those on welfare.

But things took an odd turn recently in, of all places, the Netherlands.

The Dutch government announced massive reforms to its welfare program.

First, people who apply for welfare have to prove they were actively looking for work four weeks prior to applying. Second, they are required to take a job even if it means moving or commuting up to three hours daily.

Then, once on welfare, the recipients will have to either perform volunteer

service or actual work to keep their benefits – a work for welfare program.

The changes are coming into effect because the Dutch government is concerned people are treating welfare as a "right" rather than a "safety net."

With files from *Cato.org*

## Another green scheme flops

In preparation for the 2010 Winter Olympics, BC Transit decided that purchasing 20 hydrogen-powered buses for Whistler would show the world how serious British Columbia was about going green.

The cost was \$89.5 million. BC Transit gloated that it would be the largest hydrogen fleet in the world.

The town of Whistler contributed \$16.8 million to the purchase, the federal government coughed up \$48 million and the B.C. government agreed to pay \$1.8 million annually to help run the buses. BC Transit also kicked in part of the operating costs.

But the program was doomed from the start.

First, the hydrogen gas needed to be shipped in from Quebec every ten days; the government originally thought it could be produced locally.

Second, the \$2.1 million per bus was four times the cost of a diesel bus.

Third, the buses required maintenance every 3,000 km compared to 5,000 km for regular buses. This worked out to \$1 per km per hydrogen bus compared to 64 cents for diesel. When the warranty runs out, the maintenance costs will more than double to \$2.28 per km.

Then there's the fact that hydrogen buses don't like cold weather, making them impossible to start at times. The cold also resulted in more maintenance issues and caused the mileage to drop significantly below what was promised in the specs. A BC Transit document stated fuel costs, due in part to the cold, tripled the costs of conventional buses.

With files from the *National Post*



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Everyone knows  
superheroes can leap tall  
buildings, so why ...

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## The CRTC: A bit behind the times

Canada's phone companies want to start removing pay phones because no one is using them.

The companies can't make a simple business decision, but must receive permission from the Canadian Radio-television and Telecommunications Commission (CRTC) to dismantle their pay phones.

When they asked for permission, the CRTC said no.

There are approximately 167,000 pay phones in Canada compared to more than 27 million active cell phones.

In the past, when the companies were allowed to remove pay phones, they didn't receive a single complaint.

When they approached the CRTC for permission to increase pay phone rates from 50 cents a call to a dollar to pay for technical upgrades, the CRTC said it would have to hold public consultations before agreeing.

*With files from Blacklock's Reporter*

## The rust bucket from Estonia

The Newfoundland and Labrador government has just sold off "the rust bucket from Estonia" – as locals reverently called it – for \$76,000 as scrap metal.

Back in 1986, the "rust bucket" was actually a Soviet car ferry. Built in Latvia, it was sold by the newly independent Estonia to the province for \$1.2 million in 1999.

Apparently, the government had a grandiose plan to refurbish the 24-car ferry and put it into service. Bureaucrats thought a two-year, \$1.7-million retrofit would make it seaworthy.

That turned into five years and \$11 million; the "rust bucket" seemed to work for awhile. But in 2007, the steering broke; then there was a fire. Repairs were handicapped by the fact the manual was written in Russian. Parts were obsolete, requiring complete replacement instead of repair.

Then in 2012, while the ship was in dry dock for more work, Transport Canada inspectors decided an additional \$9 million in repairs were needed to make it seaworthy.

At this point, the government decided to bail on the project. But before making that decision, it had al-

ready spent \$3 million on the retrofit.

*With files from the National Post*

## Big spending under the big tent

In October 2012, Canadian taxpayers had the expensive privilege of hosting an International Parliamentary Union (IPU) conference in Quebec.

The conferences are held semi-annually. Politicians from around the world join IPU so they can attend, all paid for by taxpayers of course.

As part of the 2012 opening ceremony, the federal government paid \$199,500 for Cirque du Soleil to perform for the 1,200 international delegates.

In addition, catering cost taxpayers \$184,000.

This is on top of the federal government's annual IPU membership fee and the payments it made so 22 MPs and Senators could attend the event – including now-Liberal leader Justin Trudeau and as well Conservative and NDP backbenchers.

*With files from the National Post*

## Can superheroes leap over skyscrapers?

Last year, researchers at the Department of National Defence spent \$13,750 on a survey asking 150 online Canadians whether superheroes can leap tall buildings, fly or even walk through walls.

The questions were part of a broader internal study to help national defence "win the hearts and minds" of people in foreign countries where Canadian forces are deployed.

A summary of the study produced by Defence Research and Development Canada stated:

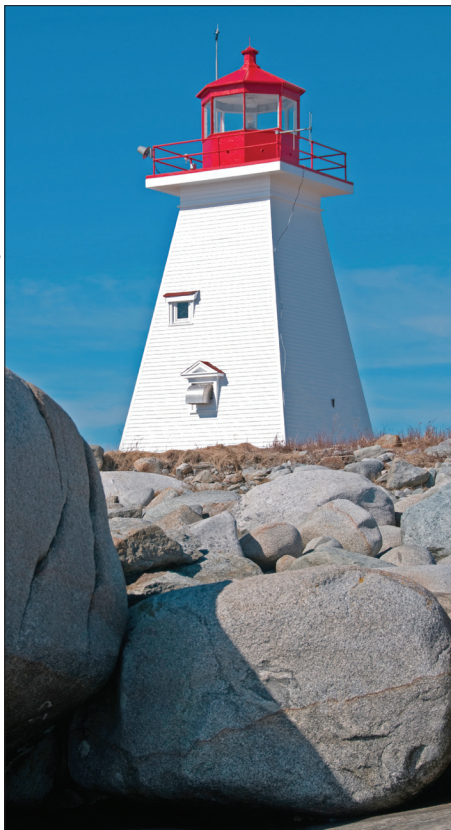
"This work will not only allow cultural scientists to better understand the spread of non-natural and religious con-

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13 years later,  
windmills still not  
providing power to  
Sable Island.

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Baccardo Lighthouse Sable Island Flickr/Dennis Jarvis



cepts but will also allow the Canadian Armed Forces... to design messages that are more memorable for their target audiences.”

Another great line in the summary: the army has “no modelling or analytic capability to understand how its actions will impact the psychological meaning space of individuals.”

For the record, the people surveyed generally agreed that superheroes can fly and leap tall buildings but were not so sure they could walk through walls.

With files from the *National Post*

## He works for Interpol but we're paying his salary

When William Elliot left his position as RCMP Commissioner in 2011 to work for Interpol at its UN headquarters in New York, it seemed like a straightforward deal. No one said otherwise, so it was assumed the new employer would pay his salary and related expenses for a three-year stint.

However, a recent Access to Information Request uncovered that Canadian taxpayers are not only continuing to pay Elliot's \$200,000-plus salary but we are also forking over \$8,000 monthly for his luxury apartment in Manhattan.

Since Elliot left the RCMP, taxpayers have coughed up \$159,208 to cover his expenses, which included real estate fees, rent and furniture rental. Interpol contributed \$20,916 over the same period.

When asked why the RCMP is still picking up the salary and expenses for its former commissioner, it said this was normal practice for police seconded to Interpol.

With files from the *National Post*

## Ottawa spent \$2.5 million advertising non-existent job program

When the federal government initiated an \$11-million program promoting job creation, \$2.5 million was designated to advertise

Why would Whistler buy hydrogen buses that don't work well in cold weather?

the Canada Job Grant.

There were internet ads and as well TV commercials during the NHL playoffs.

But the job grants program still hasn't started. Announced in the 2013 federal budget, it required the provinces to sign on. None had when the ads were running.

The program promised employers a \$15,000 training grant for each eligible employee, made up of \$5,000 from the federal government and \$5,000 from the participating province and \$5,000 from the employer.

Though the ads briefly stated the program was not officially running, Advertising Standards Canada ruled they were misleading because they left people with the impression the grants actually existed.

The federal finance department also spent money advertising the program through radio ads. This unknown amount was not included in the \$2.5-million budget.

With files from CBC

## Taxpayer handouts for a lesbian haunted house

For Halloween last year, Allyson Mitchell, working with the Art Gallery of York, set up “Killjoy Kastle” for what she described as a “Lesbian Feminist Haunted House.”

According to a note posted on the door, Mitchell received taxpayer funding from the Canadian Council for the Arts, Ontario Arts Council (OAC) and Toronto Arts Council for the project.

BC Transit fuel cell bus Flickr/Michael Chu





The 2013 grant numbers have not been fully released by these organizations, so there is no way of determining how much was handed out for Killjoy Kastle.

However, according to *Sun News*, last year Mitchell received \$500 from the OAC's exhibition fund. In 2011, she received \$20,000 from the Canadian Council for the Arts (\$61,000 since 2005, not including 2013). The York art gallery also received funding from OAC and the City of Toronto.

So what did this taxpayer-funded haunted house include? Here is a partial list:

- Severed penises;
- A ball-busting room;
- Polyamorous vampiring grannies;
- A room to look at your own vagina; and
- A secret tunnel of love, where people crawl on their hands and knees and are warned they will be touched.

With files from the *Toronto Sun*

## Not blowing in the wind

Fourteen years ago in 2000, Environment Canada thought installing windmills for electricity generation on Sable Island, off the coast of Nova Scotia, would be a good idea.

The small crescent island is home to wild horses, a weather station, a couple of lighthouses, an airport and research buildings.

The federal government decided it would install five smaller windmills, the 30-metre variety instead of the typical 90-metre ones.

At the time, the windmills were supposed to cost \$669,000, but by 2013 that had climbed to over \$1 million. Here is the kicker: the windmills are still not operational, and there are suspicions that they never will be.

Diesel generators are currently providing electricity on the island. The parks department overseeing the project is running into problems integrating the two. It wants to make wind generation the main

source of energy, with diesel as backup. Heavy winds – and, of course, environmental assessments – have bogged down the process.

Since they have taken so long to implement, the non-operational “old” windmills are using what’s considered obsolete equipment, further complicating the issues.

With files from *Victoria Times Colonist/MSN.ca/Winnipeg Free Press*

## \$1 million professor took for granted

An Access to Information Request revealed that a university professor treated \$1 million in grants as little more than his personal bank account. Nearly half the money came from federal government’s Natural Sciences and Engineering Research Council (NSERC) and the other half from other scientific groups and agencies.

Though NSERC refused to release the name of the professor or his university, the data showed he used the grant money for business-related travel and apartment rentals for extended stays outside of Canada, not related to his research.

The grant money was intended for academic research by the professor and students.

This “star” professor was exposed when a colleague sent an anonymous note questioning some of the spending.

University investigators noticed patterns in spending inconsistent with his research. He was paid to attend conferences, but there was no evidence he actually showed up. In other instances, his research trips coincided with business and personal visits.

An investigator alleges the professor even falsified a document to cover up his questionable spending.

After finding “significant evidence” of fraud, the university reported its findings to NSERC, which in turn called in the RCMP. However, the RCMP and federal prosecutors declined to press charges, meaning we will never find out who this individual was.

With files from the *National Post*




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Time to drag the CRTC into the 21st century?

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# Employment Insurance:



## New solutions to an old program



by Gregory  
Thomas  
Federal Director

**C**anada's Employment Insurance system, which on the surface provides a valuable safety net for Canadian workers, is in reality a

patchwork of complex rules that treats workers in drastically different ways depending on what they do and where they live.

Few dispute the need for a program that protects Canadians in the event of job loss. But a program that treats workers differently based on their profession and region is contrary to the values of fairness and equity that Canadians should expect from their governments.

Few Canadians understand just how biased and arbitrary EI rules are when determining a worker's benefits. So in November 2013, the Canadian Taxpayers Federation released a report by Research Director Nick Bergamini called *Unmasking Employment Insurance – How EI Increases Unemployment and Steals Billions from Working Canadians*.

Here are a few of the

shocking facts contained in the report:

The EI system divides Canada into 58 regions. Each region has its own standards for qualifying, including the number of hours worked and the total number of weeks worked.

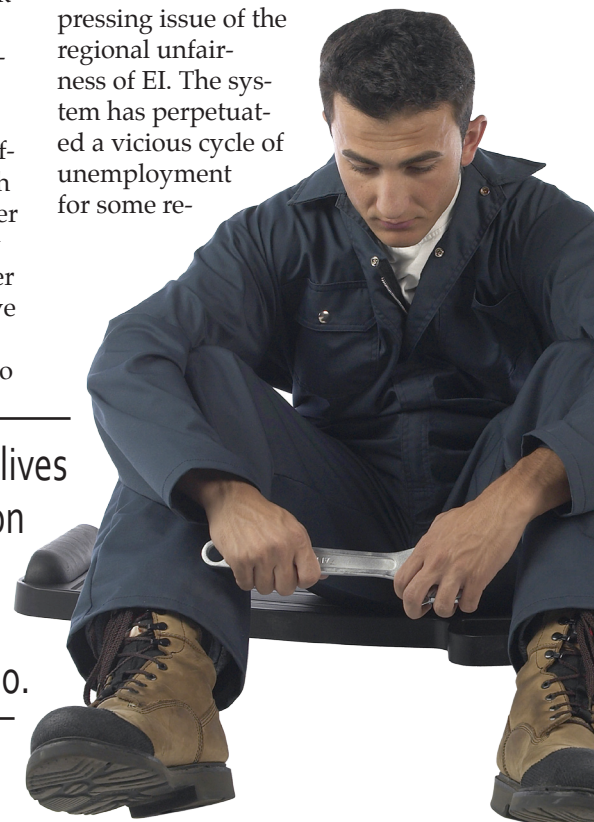
Consider the scenario of two factory workers who live in Newfoundland. One lives in the EI region of St. John's where the factory is also located. The second worker commutes to work from outside the city in the region that covers the rest of the province. They do identical jobs for the same employer. If they were both laid off after 26 weeks of work during which they each made \$16,200, the worker from inside the city would qualify for no EI benefits, while the worker from outside the city would receive \$16,830.

Yes, you read that correctly. Two

workers doing the exact same job, for the same company in the same factory, both lose their jobs and one gets almost \$17,000 while the other worker is told "tough luck" by the government and gets nothing. The only difference between the two was their postal codes.

While the reforms instituted by the Government in Canada in 2012 made some steps towards cracking down on frequent EI abusers, it did little to address the more pressing issue of the regional unfairness of EI. The system has perpetuated a vicious cycle of unemployment for some re-

Depending on where he or she lives having worked for 26 weeks, a person earning \$16,200 a year would receive EI benefits ranging from \$16,830 a year to \$0.





gions, particularly in Atlantic Canada, where collecting EI regularly has become a way of life.

Let's put that same scenario to the test in every EI region Canada-wide. The same

employee – we'll call him Michael – in a factory job made \$16,200 during 26 work weeks and gets laid off. If we calculate what Michael would receive in EI benefits in each of the 58 EI regions in Canada, the results vary widely depending on where he lives.

In 28 of the 58 Economic Regions, Michael would be eligible for EI benefits ranging between \$16,830 and \$6,174. In the other 30 regions, he would receive no benefits at all. The regions with big payouts are primarily in Atlantic Canada, Quebec and rural areas. The regions with no payouts are primarily in Ontario and the West and in urban centres.

Canada is the only country in the world to base its employment insurance benefits on where the applicant lives.

The reason for such huge variance is that the payouts are tied to the local unemployment rate. If the rate is higher, you'll get more money; if it's lower, then you're out of luck. Instead of giving people a helping hand, this has led to a vicious cycle of long-term unemployment. After decades of the system being in place, the high unemployment regions in Canada have changed very little.

Besides, the local unemployment rate does not accurately reflect the local job market and the

## In Newfoundland, 62% of EI recipients are considered frequent claimants, compared to only 8% in Alberta.

employment prospects is the direction of the unemployment rate.

A worker in a region with steady 13% unemployment would face better prospects than a worker in an area with 8% unemployment but where that rate is consistently rising.

When the unemployment rate is rising – for example, after layoffs by a major local employer – the labour market becomes saturated. This is exactly what has occurred in regions with economies heavily reliant on manufacturing such as Windsor, ON, in the last recession.

Workers in cities with declining industrial sectors are further impacted by EI's distortion in favour of smaller towns and rural areas.

Take the example of two workers laid off in the Kitchener-Waterloo region of Ontario. One works in high-tech and the other in manufacturing. Due to a demand for her skillset, the high-tech worker finds employment shortly. But the second worker cannot find a job because his skills are specifically suited to manufacturing, a field facing structural decline across the country.

Most hard-working taxpayers think of EI as a way to



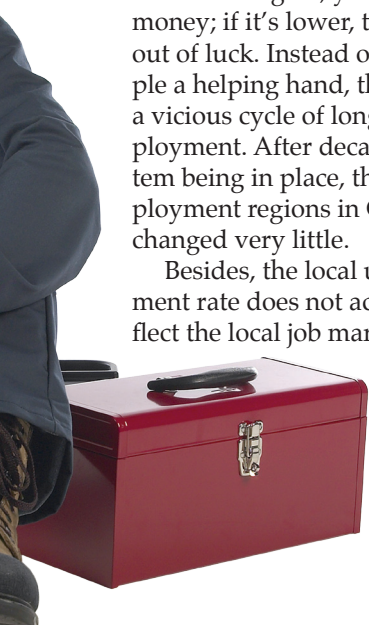
put food on the table during a job search after an unfortunate job loss. But the skewed nature of EI has led to the emergence of entire regions where EI money represents a major source of income.

Statistics Canada measures something called the Economic Dependency Ratio (EDR). This number compares EI income to money earned from a job. Between 2008 and 2010, the average EDR in Canada was 2.4%, meaning that for every \$100 earned on the job, an extra \$2.40 was coming

### Net Contribution to EI, 1981 to 2009 (Billions of CDN\$)

	Benefits Received	Premiums Paid	Net Provincial Contribution to EI
NL	\$20.4 b	\$6.1 b	-\$14.3 b
PEI	\$4.5 b	\$1.6 b	-\$2.8 b
NS	\$16.7 b	\$11.5 b	-\$5.2 b
NB	\$18.3 b	\$9.6 b	-\$8.8 b
QC	\$105.9 b	\$99.2 b	-\$6.8 b
ON	\$100.0 b	\$175.2 b	\$75.3 b
MB	\$10.0 b	\$15.5 b	\$5.5 b
SK	\$8.0 b	\$12.0 b	\$3.9 b
AB	\$26.2 b	\$44.1 b	\$17.9 b
BC	\$43.3 b	\$53.9 b	\$10.6 b
Surplus EI taxes collected			\$75.3 b

Source: Statistics Canada Provincial and Territorial Accounts, Catalogue 13-018-XW6



employment prospects of local workers. A more accurate barometer of

## Provincial Usage of EI for Unemployment or Social Benefits, 2011- 12

	Amount paid	Unemployment Benefits	Social Benefits
NL	\$891m	88.2%	11.8%
PEI	\$225m	81.3%	18.7%
NS	\$805m	78.8%	21.2%
NB	\$848m	78.2%	21.8%
QC	\$3,564m	88.6%	11.4%
ON	\$5,203m	60.6%	39.4%
MB	\$452m	56.5%	43.5%
SK	\$378m	54.8%	45.2%
AB	\$1,346m	49.9%	50.1%
BC	\$1,906m	63.3%	36.8%
ESDC 2012 EI Monitoring and Assessment Report			

from EI benefits.

That number falls to around 1% in such areas as Calgary and Wood Buffalo, AB, and Estevan and Regina, SK. But in rural Newfoundland and Labrador and Prince Edward Island, EI makes up an astonishing 15% of income. There is something seriously wrong when a supposed temporary relief program is making up a major chunk of regional income, year after year.

Because it only takes a minimum of 14 weeks of work to qualify in some areas, EI acts as a subsidy to seasonal workers, who work a few weeks

each year and then collect EI.

The program classifies applicants into three categories: long-tenured workers, occasional claimants and frequent claimants. The number of people applying to EI who are frequent claimants varies greatly by province, from a high of 62% in Newfoundland to a low of 8% in Alberta.

This huge variation in the number of people per province who collect EI on a regular, annual basis has led to the entire program being unintentionally turned into a massive regional wealth redistribution scheme almost on par with regional Equalization payments.

Statistics Canada data from 1981 to 2009 shows that workers in the western provinces and Ontario have paid \$113 billion more into EI than they have received in benefits. \$75 billion of this total came from Ontario alone.

Meanwhile Atlantic Canada and Quebec – the net recipients of EI – have collected \$38 billion more in EI than they paid in premiums. The Atlantic provinces account for \$31 billion of that figure.

To put things in perspective, regional Equalization, which exists solely to transfer wealth from richer provinces to poorer provinc-

es, transferred a total of \$138.7 billion between 1999-00 and 2009-10. EI transferred \$57.3 billion.

The way EI rules are structured also leads to vastly different treatment of workers based on their profession. Because workers in high unemployment regions can work as little as 14 weeks before collecting EI, the system rewards workers with relatively high-paying jobs who only work a few weeks a year in a seasonal industry.

Luckily, the government department in charge of EI keeps good statistics on what each industry pays into EI in premiums from workers and their employers, and what the industry's workers receive back in premiums.

Fishing, agriculture, and construction workers on average collect far more EI than other industries. In fact, for every dollar of EI collected by fishers, they are only putting 24 cents back into EI when they are working and paying premiums. That means the other 76 cents is being subsidized by the rest of Canada.

Construction tells an even worse story. Because employees in this industry receive far more in EI benefits than they pay in premiums, it works out to a subsidy of \$2,000 per worker from the EI program.

In the 2012-13 budget, the Conservative government made changes to EI that would crack down on

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Between 1981 and 2009, \$113 billion in excess EI premiums flowed from Western Canada and Ontario to Ottawa, Quebec and Atlantic Canada.

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## The CTF proposes setting up individual EI accounts for each person which they could draw on when unemployed or even use for their retirement.

EI fraud and push people collecting EI to expand their job search. But while opponents claimed that the reforms would gut the entire program, the reality is that they were minor adjustments which did nothing to address the regional unfairness of the program.

That's why the CTF is calling for a new round of reforms that would turn EI into a successful program that treats all Canadians fairly.

The CTF proposes that the government implement an individual Employment Insurance Savings Account (EISA). Both employees and employers would make mandatory contributions, similar to how EI functions now. The difference is that each account would be owned by the respective employee. Upon retirement, the employee would be given the choice to convert any surplus in the account into a privately run savings vehicle.

In the event of job loss, an employee would be able to draw on this account while searching for a new job. Because workers would be drawing from their own money, this would create an incentive to find work as soon as possible.

If a worker were to exhaust the money in his account, the government would lend money to the account for a limited amount of time, which would be paid back upon the worker returning to employment.

Workers would have the choice of investing their money through private savings vehicles such as mutual funds and bonds, or to pool their money with other Canadians in a fund similar to the CPP fund managed by the Canada Pension Plan Investment Board.

With an aging population, Canadians are also facing a major shortfall of private savings for retirement. A report by the Canadian Institute of Actuaries found that only one in three households in Canada who hope to retire in 2030 are saving enough for retirement.

By significantly increasing retirement savings, the EISA would effectively be addressing two pressing issues – chronic unemployment and insufficient personal savings – simultaneously. In 2002, the government of Chile implemented a program similar to what the CTF is proposing. The results were a major reduction in unemployment while

savings went up.

The only way to end chronic unemployment and create a system that works for everyone is a complete overhaul of the EI system into one that treats all Canadians equally and allows workers to take ownership of the money they pay into EI. **t**

### Percentage of Labour Force collecting EI at least once during calendar year, 2008-2010

Highest 10		Lowest 10		Provinces	
Non CMA-CA, NLFD <sup>1</sup>	89.0%	Estevan, SK	10.1%	NLFD	58.3%
Bay Roberts, NLFD	80.2%	Okotoks, AB	10.3%	PEI	49.0%
Cape Breton, NS	68.8%	Yellowknife, NWT	10.6%	NB	41.2%
Non CMA-CA, PEI	67.9%	Canmore, AB	10.8%	NS	34.3%
Dolbeau-Mistassini, QC	65.7%	Ottawa, ON	11.5%	QC	29.7%
Campbellton, NB	62.8%	Calgary, AB	11.6%	BC	18.0%
Non CMA-CA, NB	62.5%	Regina, SK	11.6%	ON	17.9%
Miramichi, NB	55.9%	Lloydminster, AB	11.7%	MB	16.7%
Corner Brook, NLFD	52.7%	Saskatoon, SK	12.3%	SK	14.8%
Campbellton, QC	38.5%	Wood Buffalo, AB	12.4%	AB	12.7%
Canadian Average					21.3%

Source: Figures are CTF calculations taken from data in Statistics Canada Cansim Table 111-0025. Note that this data include EI recipients receiving maternity, training and other benefits because data on the type of EI benefits being received does not exist at this level.

Footnotes 1 Non CMA-CA refers to an entire province, excluding population's centres of 10,000 people or more



# CTF welcomes THE WORLD



by Troy Lanigan  
President & CEO

**T**he Canadian Taxpayers Federation (CTF) is pleased to be hosting the World Taxpayers Conference (WTC) May 30-31, 2014 in Vancouver.

Every two years, the World Taxpayers Associations (WTA) holds an international conference hosted by one of its member organizations. In 2012 the conference was held in Kyiv, Ukraine and in 2010 in London, England, one of the late Margaret Thatcher's last public appearances.

The conference provides a unique opportunity for delegates from across Canada and around the world to exchange ideas and best practices that advance support for limited and accountable government.

The conference will feature speakers from around the world but also showcase a few of our own success stories here in Canada. Stockwell Day will discuss Alberta's single-rate tax 15 years after he, as that province's provincial treasurer, first announced the policy. Former finance minister and prime minister Paul Martin will discuss

the successful effort to balance the country's books in the 1990s, which paved the way for tax cuts early in the new century. Well known commentator Rex Murphy will be the conference's closing speaker.

Other issues addressed will cover the waterfront from the state of economic freedom in the world all the way to keeping a watchful eye on local government. The importance of protecting and encouraging tax competition at all levels of government will be another important topic.

The conference is not just about

policy issues. With the theme "leading change," more than half the sessions will be about practical applications, including effective communication, presenting ideas, outreach, using social media and fundraising.

Finally, the conference will feature a series of round tables where attendees can sit with international delegations to discuss issues and campaigns. Want to learn how the South Koreans gathered 1.3 million names through online campaigns or how the Finns have managed to sign up 10% of their coun-

Photo: Former Finance Minister Paul Martin: Flicker/The CBI

The CTF will be making a special presentation to Paul Martin (right) at the 2014 World Taxpayers Conference in Vancouver. Between his first balanced budget as finance minister in 1997 to when he left office as prime minister in 2006, Martin reduced Canada's federal debt by \$81.4-billion.





try's population? This conference will present unique leaders and ideas.

The CTF last hosted this conference in 1998. Representatives from across Canada and 11 countries attended. Our goals in 2014 are to significantly increase participation, to equip attendees with new knowledge and new contacts

and to host a world-class event that advances the cause of limited and accountable government.

Join us under the "events" tab at [Taxpayer.com](http://Taxpayer.com) or call 1-800-667-7933. For those unable to attend the full event, separate tickets are available for the Rex Murphy dinner on May 31.

**Thanks to our sponsors, registration for the World Taxpayers Conference is just \$349. Go to "events" tab on [Taxpayer.com](http://Taxpayer.com) or call 1-800-667-7933 to register.**

**W**orld Taxpayers Associations (WTA) is an umbrella organization made up of member taxpayer groups. It was founded in 1988 with the purpose of protecting citizens from ever-increasing tax claims by the state. But its more practical purpose was to create dialogue among the growing number of taxpayer associations that were popping up throughout the world. It would also support and foster the emergence of new taxpayer groups that often lacked the resources and expertise to sustain their efforts.

Today, the WTA has 68 member organizations from 54 countries. Most are pure advocacy groups like the Canadian Taxpayers Federation, fighting for limited and accountable government. Many others – such as Australia, Finland and Ukraine – tend to be more service-oriented, providing tax advice and legal resources to their members. Finally, taxpayer associations in more democratically restricted countries such as China – yes, China has a thriving taxpayer association – cannot openly criticize government but can conduct tax seminars and forward recommendations as to how the tax system can be improved.

The groups are guided by a set of principles which include support for:

1. Flatter, simpler taxes
2. Balanced budgets

## Meet the **WTA** WORLD TAXPAYERS ASSOCIATIONS

3. Tax competition
4. Government transparency and
5. Taxpayer rights (right of appeal, oppose unjust treatment by tax officials, etc.)

The oldest taxpayer association in the world? Australia, incorporated in 1921. The largest? Finland, at just over 500,000 members, fully

10% of the country's population belongs to the Finnish Taxpayers Association.

The CTF joined WTA in 1992. In 2010, CTF president Troy Lanigan was elected to its board of directors along with representatives from the United States, South Korea, Australia, Germany, Tanzania and France. **t**



The 2014 World Taxpayers Conference in Vancouver will honour World Taxpayers Associations founder and secretary general Bjorn Tarras-Wahlberg. After 26 years of fighting for taxpayers rights in every corner of the globe, Bjorn is stepping down as the organization's sole employee.

# 2014 Tax Increases



by Gregory Thomas  
Federal Director

**A**s revelers cheered in Times Square, Jan. 1, 2014 rolled around, and just as it does every year, the new year provided politicians

in capitals from Victoria to Ottawa to Halifax with an excuse to take more money from your wallet.

Leading the way, the federal government raised Employment Insurance (EI) and Canada Pension Plan (CPP) taxes, despite Finance Minister Jim Flaherty's announcement that he was 'freezing' EI rates for 2014.

Thanks to some complicated mathematics, the EI tax rate of \$1.88 per \$100 of earnings will be applied to a larger maximum earnings amount, paving the way for maximum employee EI taxes to go up \$23 in 2014 to \$914, while the employer's share of EI payroll tax goes up \$31 to \$1,279. That means a working couple who each earn at least \$48,600 in 2014, will have \$4,386 in EI payroll taxes sent to Ottawa on their behalf.

The federal government expects to collect \$4.2 billion more in EI taxes in 2014 than it pays out in benefits. Other forecasts estimate the EI tax windfall to the government will be much higher.

EI has sometimes been compared to a casino where the house takes a huge cut of the money. (For every dollar paid out in EI benefits, the government spends 11 cents on administration.)

Meanwhile, the maximum employee CPP payroll tax went up \$70 to \$2,426 for employees earning at least \$52,500 a year. Employers match employees' CPP payroll taxes dollar for dollar, pushing the total maximum CPP payroll tax haul to \$4,856 per worker.

In British Columbia, the government hiked Medical Services Plan (MSP) premiums – taxes – for the fifth consecutive year. A family will now pay \$138.50 a month in MSP tax, up 28% since 2010, wiping out any savings from BC's low rate of inflation.

For a family making \$80,000 a year in BC, the tax will go up \$73 in 2014 – not including approved ICBC, BC Hydro and BC Ferries rate hikes, or municipal property tax increases.

"It's another year of taxpayers falling further behind in British Columbia," said CTF BC Director Jordan Bateman.

"Anyone making more than \$25,000 a year in BC will lose ground in 2014, thanks mainly to the province's continued MSP tax grab."

Alberta taxpayers got a better deal than in most other provinces, although the province's decision to end its debt-free status and begin borrowing billions does not bode well for the future.

In Saskatchewan, the province indexes tax brackets for inflation – but the federal inflation rate is used rather than the provincial rate, leading to a slight tax increase in 2014 as the federal figure (0.9%) is lower than the provincial figure (1.2%).

"Someone earning \$80,000 with two kids will get bit by a \$13 increase," said CTF Prairie Director Colin Craig. "It's great the government indexes tax brackets for inflation, but in order to fully protect taxpayers, Saskatchewan should index the system for the provincial inflation rate rather than the federal rate."

Manitobans, already clipped in 2013 with a stiff rise in the provincial sales tax, took another hit because their gov-

“EI has sometimes been compared to a casino where the house takes a huge cut of the money.”



ernment (just like those of Prince Edward Island and Nova Scotia) does not index its tax brackets to inflation, resulting in a bigger tax take.

A Manitoban earning \$35,000 will get stung by a \$34 tax increase while someone in the \$80,000 category will get bit by a \$98 increase in 2014.

The stealth income tax increases in Manitoba, PEI and Nova Scotia are known as 'bracket creep,' an invention of some pretty creepy political characters.

In New Brunswick, which hiked its income tax rates across the board, a taxpayer earning \$45,000 will pay \$145 more than last year and someone earning \$60,000 will pay dearly – about \$400 more than in 2013.

"Taxes will take an even bigger bite out of working families' paycheques, even though their take-home pay is barely keeping up with the increased costs of gasoline and necessities," said CTF Atlantic Director Kevin Lacey.

"The experiment of pushing the

## Leading the way, the federal government raised Employment Insurance despite Finance Minister Jim Flaherty's announcement that he was 'freezing' EI rates for 2014.

government's spending problems onto the back of working taxpayers compounded New Brunswick's fiscal woes," added Lacey.

In Ontario, Premier Kathleen Wynne entered the New Year facing the strong possibility of a spring election, when she plans to campaign on a new Ontario pension plan, funded by a new, steep and mandatory payroll tax.

"Politicians like Wynne complain about the lack of revenues for governments. Meanwhile, they say nothing about scams like the EI surplus," said CTF Ontario Director Candice Malcolm.

"If governments wanted to solve and address the Canada Pension Plan shortfall, they should look no further than reforming EI to create

an Employment Insurance Savings Account," said Malcolm.

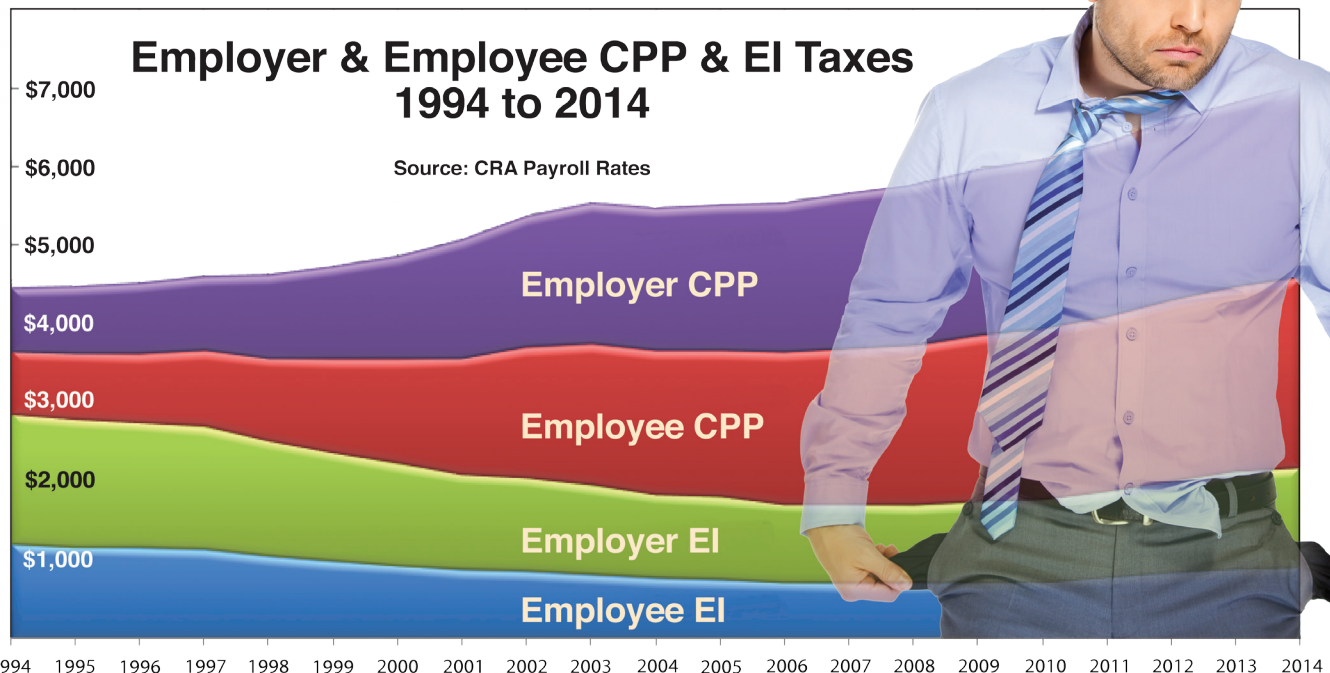
Malcolm is concerned that another payroll tax, this one to pay for a new Ontario pension scheme, will drive more jobs out of the province.

"Premier Wynne seems unaware that premiums are already increasing," said Malcolm. "In fact, CPP taxes have been steadily rising and grown by almost 50% over the past two decades.

"Considering Ontario taxpayers are being threatened with higher gas taxes and higher property taxes and will be dealing with soaring energy rates, these CPP and EI hikes are a real slap in the face.

"Payroll taxes to the economy are like sharp objects to infants: risky, dangerous, and potentially deadly," said Malcolm.

With 2014 payroll tax grabs already in effect, CTF directors are vowing to do whatever they can to keep those sharp objects away from next year's New Year's baby. **t**



## 2013: An eventful year in the books



by Scott  
Hennig  
VP Communications

**E**ach year, Canadian Taxpayers Federation offices from coast to coast, as well as in Ottawa, handle hundreds of media interviews, hold press conferences, publish reports,

make presentations to politicians and government committees and issue news releases, commentaries and online postings on behalf of 84,000 CTF supporters. 2013 was a great year. We expanded our reach, won some battles and set the table for future victories for taxpayers.

### New staff

**I**n 2009, the CTF combined the efforts of our Ontario and federal offices under one director, Kevin Gaudet, in Toronto. Upon Kevin's departure in 2011, we moved the federal director position back to Ottawa, with the promotion of then-BC Director Gregory Thomas, but we left the jobs combined under one director. With increased resources (thanks to donors like you) and a growing need to be full time in the province once again, we hired Candice Malcolm as our Ontario Director in February 2013. Originally from Vancouver, Candice has worked at the Fraser Institute, Atlas Economic Research Foundation, as a press secretary for a minister in Ottawa and, prior to coming over to the CTF, as the

research director at Sun News Network. She has a BA in political science and master's degrees in international relations and international trade law.

In September, the CTF hired its 20th full-time staff member, Aaron Gunn. We began working with Aaron

when he was only 19 years old. Aaron and a couple of friends started their own video production company while in high school, continuing while at the University of Victoria. The CTF began contracting Aaron to film, edit and produce original CTF videos in 2009, maintaining that relationship through 2012 when he came to work for the CTF as a summer intern. Following the completion of his commerce degree, the CTF hired Aaron as Director of Special Projects. Aaron has continued his video work, as well as taking the lead on the CTF's newest youth initiative, Generation Screwed.



### Student internship program

**T**he CTF's student internship program completed a fifth successful year in 2013 with three students passing through our Ottawa office. Maria Garcete, a second-year economics student from the University of Waterloo, interned for us during the winter. Maria was instrumental in helping plan our Teddy Waste Awards press conference and helping out at CTF events during the Manning Network-

ing Conference. She was followed by Corey Schruder and Ian Merkle, who both interned over the summer. Corey, a first-year student at Queen's University, focused on research requests and helped plan the Ontario Debt Clock tour. Ian, a fourth-year history and political science student at Wilfred Laurier University, headed the pre-launch planning and training for the Gener-

ation Screwed program.



L to R: Corey, Maria and Ian



## 15th annual Teddy Awards

The CTF's premier annual event, the Teddy Waste Awards, commemorates the 'best of the worst' in government waste at a black-tie affair on Parliament Hill.

Once again, it was a tight race for the golden sow. Nominees included: an \$826,000 grant to a sausage company to develop wieners that don't explode when you cook them; two New Brunswick MLAs taking the government to court to protect their gold-plated pensions; a Montreal staffer who pocketed \$706,000 in bribes for city construction projects; and the millions hospitals in St. John's, Halifax and Windsor lost by operating unprofitable Tim Hortons outlets run by union staff (and some refusing to sell doughnuts).

The federal Teddy award went to Chief Roger Redman of the Standing Buffalo First Nation in Saskatchewan. When band members gathered to impeach him, the Chief padlocked the band office and confiscated the chequebook. For leading his reserve, home to 443 people, Chief Redman collected more after-tax income than the prime minister, and each of his councillors out-earned Saskatchewan's premier.

The provincial Teddy award went once again to

Alberta, with former tourism minister Christine Cusanelli picking up the top prize. The minister took her mother and daughter to the Olympics with her, billing the entire trip to taxpayers before eventually paying the money back (following a CTF Freedom of Information request).

The municipal Teddy award went to the Toronto Maintenance and Skilled Trades Council which billed the Toronto Public School District for 293,000 work orders totalling \$158 million, including \$143 to attach a pencil

"You can't turn on the TV or radio or read a newspaper regularly without discovering some nefarious spending by government that has been uncovered by the Canadian Taxpayers Federation."

— Bill Tieleman  
24 Hours Vancouver  
Sept. 17, 2013

sharpener to a desk and \$266 for hanging three pictures on a wall. Perhaps most prestigiously, the

Lifetime Achievement Teddy went to former federal cabinet minister Bev Oda for expensing chauffeured limousines in cities from Halifax to London, England, expensing two luxury hotels in London on the same nights, ordering \$16 glasses of orange juice, and charging taxpayers for an air purifier so she could smoke in her office.

Taxpayers also picked up the tab for an air purifier so Oda could smoke in her office.





## Fifteen years of Gas Tax Honesty

On the Thursday before the May long weekend each year, the CTF holds Gas Tax Honesty Day. The goal is to highlight the high and hidden taxes motorists pay every time they fill up their vehicles and to report how those dollars are being spent.

In 2013 we focused our national advocacy efforts to-

wards ending the 'tax-on-tax' – the fact that the GST/HST is calculated on your fill-up after provincial and federal excise taxes are added to the price. Governments tax their own taxes. Provincial targets of the campaign included the cross-border gas shopping that's happening in the lower mainland of BC, the HST being added

to gas prices in PEI, the push for a municipal gas tax in Alberta, and the proposed hike in the Ontario gas tax to fund transit.

The CTF held Gas Tax Honesty Day events in Burnaby, BC, Calgary, Regina, Toronto, Ottawa and Charlottetown.

To demonstrate how much tax is on gas, the CTF refunded the gas tax portion of selected purchases. Left: BC Director Jordan Bateman calculates a lucky consumer's tax refund. Bottom left: Alberta Director Derek Fildebrandt reveals his true feelings on gas taxes.



## Sunshine list in Alberta



Following the government refusal to disclose the severance package of Premier Alison Redford's former chief of staff, the CTF pushed for the government to introduce a 'sunshine list' of government employees earning more

than \$100,000.

In October, the government agreed and announced it would be doing just that. The CTF didn't stop there, urging Don Scott, the associate minister of accountability, transparency and transformation, to go further

than other provinces by including pension contributions, other cash benefits and non-cash benefits.

In December, the government agreed once again and announced the most comprehensive sunshine list policy in the country.



## Milke book tour

In 2002, then-CTF director Mark Milke authored his second book, *Tax Me I'm Canadian*. It instantly became a favourite of CTF supporters as well as a Canadian best-seller. A decade ago the federal government was running surpluses and didn't own any car companies. Times have changed: federal deficits, auto bailouts, Idle No More, the Occupy movement and an explosion in government employee pension costs. It was clearly the right time for Mark to update *Tax Me*.

What started as an update turned into a major rewrite. With 80% new material, the new edition of *Tax Me* is better than ever. Mark tackles the de-tax movement, corporate welfare and why those who oppose economic development can't expect others to pay for their services.

Armed with boxes full of the new edition, the CTF took Mark on a cross-country tour. Nine events over two weeks from Victoria to Halifax gave CTF support-



Mark Milke autographing book at a *Tax Me I'm Canadian* event in Toronto.

ers an opportunity to meet Mark, pick up a copy and have it signed by the author. Hundreds of supporters came out and great events were held in each of the cities.

## Labour Day Reality Check

### Labour Day? Try Sick Day

There's little labour being done by public sector union workers these days, at least compared to their private sector counterparts.

We support the recent push from the Canadian Taxpayers Federation for the government to end the abuse of sick leave. We also like Treasury Board president Tony Clement's plan to eliminate bankable sick days, announced back in June.

When organized labour takes to the streets this Labour Day they'll roll out their usual war cry that they always have to be on guard.

But for what, exactly? It's important to keep in mind just some of the luxuries afforded to their private sector contingents.

It's jaw-dropping to read that government employees booked off 17.9 sick days on average per year. That doesn't include vacation days.

The worst department is Veterans Affairs. They average 24.2 sick days. Yes, more than a month off sick per year.

Don't let the department's name fool you, either.

"We're not talking about war veterans here," says CTF federal director Gregory Thomas, "we're talking about desk jockeys in Ottawa."

The private sector average, according to Statistics Canada, is 6.7 days.

So government workers take three times as many sick days as the people who pay their salaries? That's just flat out disdair the public interest.

Last year marked the CTF's third annual Labour Day Reality Check. In 2011, the CTF focused our efforts on exposing the growing wage gap between government employees and everyone else in Canada. In 2012, we turned the spotlight onto the astounding pension gap. And in 2013, we looked at the gap in sick day usage between government employees and the rest of us.

Using custom data ordered from Statistics Canada, as well as data compiled by the federal Treasury Board, the CTF was able to show that government employees take significantly more 'sick days' than the rest of us. Federal employees top the list, taking on average 17.9 sick days per year. The worst offender – Veterans Affairs – had staff take, on average, 24.2 sick days per year.

The provinces were better, but provincial and civic government staff still take significantly more sick days than the rest of us.

### The Guardian

GOVERNMENT

## P.E.I. public workers take too many sick days: taxpayers federation

*P.E.I. average higher than private sector, national average for public workers*

By THRESE WRIGHT  
THE GUARDIAN

Government employees in Prince Edward Island take 80 per cent more sick days than workers in the private sector, according to data released by the Canadian Taxpayers Federation.

Employees of the federal, provincial and municipal governments in P.E.I. take an average of 11.3 days a year, while private-sector workers take just 6.3.

P.E.I.'s average is also higher than the national average of sick days for public workers, which is 10.5 days.

The data was commissioned by the CTF and compiled by Statistics Canada.

Kevin Lacey, Atlantic director for the Canadian Taxpayers Federation, says the gap between public-sector workers and their private counterparts is "disturbing."

It should raise a lot of concerns for taxpayers who are paying for these sick days.

Kevin Lacey, Atlantic director, Canadian Taxpayers Federation

"What it points to is there's not enough controls on the number of sick days that government employees are taking."

Results of a federal Treasury Board survey released earlier this summer show Veterans Affairs Canada (VAC) employees were off sick more than other federal departments between 2011-2012.

Workers at Veterans Affairs, whose headquarters is in Charlottetown, took an average of 24.2 sick days off.



Here at home, an exclusive national survey of more than 1,000 Canadians for the Canadian Taxpayers Federation revealed 65 per cent of respondents disagree with the statement "it is a proper role of government to tax some foods and not others."



## Debt Clock tours

The CTF's Debt Clock has crisscrossed the country a few times since we pulled it out of storage, refurbished it and launched a national tour in 2011. Last year was no exception.

After it spent the winter hibernating in Langley, BC, the clock took a British Columbia tour in June. The BC Debt Clock hit 18 communities over nine days. While in Prince George, BC Director Jordan Bateman told *CKPG News* "We can't expect government to solve every problem; we just can't afford it." BC's debt grew by \$146 million over the length of the tour.

On its way to Ontario, the Debt Clock got a quick change-over, rebranded for a short stop in Manitoba. Prairie Director Colin Craig took the Manitoba Debt Clock to the legislature, displaying the \$28-billion provincial debt growing by \$72 per second.

CTF agent Don Wolff continued down the road, towing the debt clock to Thunder Bay, where he handed the keys to Ontario Director Candice Malcolm so that she could kick off a month-long Ontario Debt Clock tour on Aug. 2.

"The CTF is the most media savvy organization in Canada and has the largest communications presence of all the free market organizations in Canada."

—Alejandro Chafuen, *Forbes*, Aug. 6, 2013

We've become accustomed to mechanical issues with the Debt Clock, but this summer's Ontario tour really put us to the test. Only days into the tour, the engine in the 2002 Ford Explorer pulling the Debt Clock trailer called it quits between Wawa and Sault Ste. Marie. After getting a

tow, we were informed that thanks to the August long weekend, there were no mechanics who could repair our vehicle for a few days. A new engine was ordered and our friends at the Sault Ste. Marie Ratepayers Association showed up with a truck to allow us to continue with our planned event in their city the

next day. Luckily, Candice had built in a week of extra time to allow her to reschedule the rest of the tour.

Candice took the clock from Thunder Bay to Toronto, down to Niagara Falls and then up to Ottawa. In

Left: Debt Clock in Quesnel, BC Below: Debt Clock makes the front page of *The Chronicle Journal* in Thunder Bay, ON.



**The Chronicle Journal**  
THE NEWSPAPER OF THE NORTHWEST

## Debt clock ticks in Ontario

*Province nears being in 'a lot of trouble' with finances*

BY MATT VIS  
SPECIAL TO  
THE CHRONICLE-JOURNAL

A group seeking to raise awareness of skyrocketing provincial debt has started an August-long campaign in Thunder Bay.

The Canadian Taxpayers' Federation launched the Ontario Debt Clock Tour, an initiative that will visit 56 communities in 28 days with the aim of educating people about the height of the provincial debt.

According to the taxpayers' group, Ontario's provincial debt currently stands at over \$66 billion, with that figure increasing by over \$22,000 every minute for a total of \$32.2 million a day. This amounts to



ment workers, saying that they should be brought in line.

However, she stressed that this is not a campaign solely against the Liberal government, as the Canadian Taxpayers' Federation is a non-partisan organization. She insisted that she is partial to any party being in power, as long as they display fiscal responsibility.

"I think the message that we have isn't a conservative or liberal message," said Malcolm. "It's a responsibility, being responsible, having good governance, message that all parties and governments should engage in."

# 2013 Year in Review

all, over the 28-day tour, the Ontario Debt Clock travelled 4,000 kilometres and tallied up an additional \$900 million in debt.

Lastly, in September the CTF conducted its first ever Debt Clock Campus Tour. Research Director Nick Bergamini and Director of Special Projects Aaron Gunn took the Debt Clock to five Ontario universities – Trent University (Peterborough), Carleton (Ottawa), University of Toronto, Queen's University (Kingston) and Wilfred Laurier University (Waterloo). Dozens of students came out on each campus to see the debt clock and be in-

terviewed about debt for a YouTube video. (You can watch it at [www.youtube.com/taxpayerDOTcom](http://www.youtube.com/taxpayerDOTcom)).

On the way home from the final stop of the campus tour, bad luck (or perhaps a bad Ford) struck once again and the transmission gave out. It was fixed and shipped out west, where it is wintering just outside of Edmonton in the shop yard of a very generous CTF supporter.

In 2013, the Debt Clock toured from BC to Ontario and back to Al-

berta, travelling thousands of kilometres and counting up billions in new debt (and costing the CTF about \$5,000 in repairs to the Ford Explorer).

## Pacific Carbon Trust victory

The CTF has long fought the corporate welfare 'green-washing' program known as the BC Pacific Carbon Trust. It's a scheme under which schools, health authorities, universities and other government agencies were forced to purchase carbon credits, using tax dollars, from various BC companies. In 2013, we scored a victory, with the Pacific Carbon Trust significantly scaled back and taken out of the hands of the arm's-length (and unaccountable) body. The move will save taxpayers \$5.6 million per year.

## TaxFighters

We don't pull our punches when it comes to lambasting wasteful politicians, but in turn, we don't hold back when offering praise.

In June, the CTF held a gala event in Calgary to deliver our highest honour, the TaxFighter Award, to three men who gave up more than any other Canadians in the fight to reform the gold-plated MP pension plan: Preston Manning, Lee Morrison and Werner Schmidt. These three men, first elected as Reform MPs, refused their lucrative MP pensions when literally every one of their colleagues was opting back into the MP pension plan. They did so out of principle that the plan was still much too generous.

In total, the CTF calculates that by age 90 these three TaxFighters

will have given up \$3.7 million in combined pension payments.

In September, the CTF held a reception in Ottawa to give the TaxFighter Award to Kevin Page. Page is the former parliamentary budget officer appointed by the Harper government to provide an independent assessment of government finances. And that's exactly what he did. Despite some of the political class in Ottawa com-

plaining that, in their estimation, Page had over-stepped his mandate, he and his office did tremendous work. Whether it was giving Canadians the real deficit numbers when the government was under-estimating how much red ink was to come, determining the true cost of the F-35s or shining the light on the massive growth in government payroll costs, the PBO under Page did yeoman work [see page 30].



Receiving their TaxFighter Award: L to R Werner Schmidt, Preston Manning and Lee Morrison.



# 2013 Year in Review

## PST hike in Manitoba

During the last election, Manitoba Premier Greg Selinger said suggestions that he would raise the PST were “ridiculous” and “complete nonsense.” In 2013 he broke that promise and raised the PST from seven to eight per cent. Even worse, Manitoba has long had a law on the books that would require a referendum to approve an increase to the PST. Flouting the law and democracy, the Manitoba NDP amended the bill, gutting that provision.

The CTF helped create a broad coalition of groups opposed to the PST hike and organized a rally at the Manitoba Legislature attended by 500 people.

Below: Prairie Director Colin Craig addresses the anti-PST rally at the Manitoba legislature.



## In committee

In the nation's capital, the CTF is always in demand to appear in front of Parliamentary or Senate committees, and 2013 was no exception. While having to turn down many requests, the CTF's federal director, Gregory Thomas, appeared before committee six times last year.

He kicked off committee season in April with an appearance before the Standing Committee on Finance, which was investigating income inequality. Gregory pointed out that the richest in Canada are paying a massive tax load. In fact, he told committee members: “The top one per cent amount to 254,000 people. We're talking about Saskatoon here in a nation of 35 million people. In 2010 those 254,000 tax filers paid

\$36 billion in federal and provincial income tax. That's nearly six times the amount of tax paid by the bottom 12.7 million Canadian tax filers.”

In May, Gregory appeared be-

**Federal Director Gregory Thomas said taxpayers have the right to see salaries & bonuses of bureaucrats earning over \$188,000.**



fore the Standing Committee on Transport, Infrastructure and Communities on the importance of

open tendering for government contracts.

The next day Gregory was in front of the Standing Committee on Access to Information, Privacy and Ethics in support of MP Brent

Rathgeber's Bill C-461 – a bill to give Canadians the right to see the salary and bonus amounts for bureaucrats earning over \$188,000. Gregory summed up the importance of the bill: “If we see what government employees are earning, we can stop unreasonable salaries, benefits, and pension entitlements before they spiral out of control.”

November was a busy month in Ottawa, with Gregory making three committee appearances. The first was in front of the Standing Committee on Procedure and House Affairs. Gregory told the committee in no uncertain terms that they were falling behind when it came to transparency and accountability by not disclosing their expenses.

The other two committee appearances in November were again in front of the Standing Committee on Finance. The first was to present the CTF's pre-budget submission, the second on the difficulty of firing incompetent workers in the federal government.



# 2013 Year in Review

## Senate referendum

**C**TF supporters have long held that Canada's upper chamber was in desperate need of fixing. However, the correct remedy has always been in dispute. Supporter surveys from the past have shown a split between those who wanted to elect the Senate and those who wanted the Senate abolished.

Following the spending scandals involving Mike Duffy, Pamela Wallin, Patrick Brazeau and Mac Harb, we saw a marked increase in emails from supporters calling for abolition. In May we figured it was time to once again ask CTF supporters their view of the best Senate reform.

An amazing 6,700 supporters filled out the survey, with 65% indicating they preferred abolition. Further, 82% said they supported the CTF calling for a national referendum on abolishing the Senate.

In July, we took those survey results and put the issue on the national stage in a big way... in fact, it was 30 feet big. The CTF commissioned a three-storey inflatable balloon that may or may not look like a certain independent senator. Federal Director Gregory Thomas launched the balloon, and the CTF's campaign for a referendum on abolishing the Senate, on Victoria Island, just behind Parliament.

We then took the senator on the road, showing up a week later in front of the Saskatchewan legislature to support Premier Brad Wall's conversion to favouring Senate abolition. We were joined by NDP MLA Warren McCall to call for the referendum. In November, a motion calling for abolishing the Senate was passed unanimously by both Saskatchewan Party and NDP MLAs.

In late November we attempted to do the same press conference on the lawn of the BC legislature in Victoria. Unfortunately, Speaker Linda Reid refused to grant us permission, calling the balloon "disrespectful." Thankfully, the rejection and the subsequent media frenzy led to even more Canadians hearing about our campaign. A few weeks later we set up the inflatable senator in Vancouver near the Olympic village.

Regina



Vancouver



## Taking pensions away from convicted politicians – victory in Nova Scotia

**T**he CTF launched its Atlantic office in 2010 on the heels of expense scandals involving Nova Scotia MLAs. As part of the CTF's initial recommendations to reform the MLA pension and expense system, we called for any MLAs convicted of stealing from taxpayers to lose their generous pensions.

It took three years, but finally the NDP government agreed and passed legislation in June 2013 that did just that. Fortunately, it was just in time to ensure that convicted crim-

inal Trevor Zinck would not continue to collect his MLA pension, funded by 22 taxpayer dollars for each dollar he contributed.

**Herald News**

### Taxpayers federation: Convicted MLAs should lose pensions

BY SHERRI BORDEN COLLEY STAFF REPORTER

Russell MacKinnon's criminal conviction last week has led the Canadian Taxpayers Federation to renew its call for politicians convicted of abusing public trust while in office to be stripped of their government pension.





## Generation Screwed

In 2013 the CTF launched an initiative to inform young Canadians about the growing debt, deficit, pension liabilities and health care costs that will be heaped upon them through higher taxes in the future. The CTF gathered a handful of young Canadians in Ottawa in March to discuss how we could go about this project, tentatively named Generation Screwed, and which issues we should focus on.

The name stuck and so did a bunch of the young Canadians who volunteered to get involved.

In order to give the campaign structure, CTF summer intern Ian Merkley was tasked with laying the groundwork for a fall roll-out. Ian tapped his contact lists and arranged for the first group of campus coordinators who would be taking the message to their schools. Ian also set up a training session in Ottawa for the new student coordinators.

Students at the Generation Screwed training session in Ottawa

With the hiring of Aaron Gunn in September, one of his major tasks was to take over the Generation Screwed program and expand it across the country. Exceeding expectations in its first year, there were campaign coordinators on 18 campuses across Canada. Initiatives on each campus vary, but CTF directors have fanned out across the country speaking at four

campuses on Generation Screwed issues and delivering the Debt Clock to five campuses. Some campuses also set up booths during welcome week, and distributed information about growing debts and unfunded liabilities. Other events and speakers are planned for 2014 and into the next school year. [See Fall 2013 edition of *The Taxpayer* for more information.]



## TransLink

Once again the South Coast British Columbia Transportation Authority (TransLink) and its wasteful ways were directly in the CTF's cross-hairs.

Whistleblowers tipped off the CTF about an incredible story of the TransLink transit police using an active Air Canada plane to train their bomb-sniffing dogs. After completing the training, the transit officer left explosives on the plane. The plane left to Toronto and the explosives were never recovered. Whistleblowers also helped the CTF reveal that the same TransLink officer took his police vehicle across the U.S. border three times, lied in his duty records and mistreated his police dog.

While TransLink executives attempted to get Lower Mainland taxpayers pay more taxes for their expansion plans, they certainly didn't cheap out on their own pay. The CTF drew attention to a report showing a massive increase in pay for executives at the 'cash-strapped' transit authority, as well as for those in the redundant and expensive transit police.

### 2013 Self-reported CTF Media & Activities

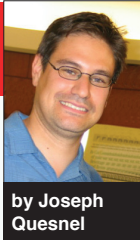
Month	Media Quotes/Contacts	Activities*	Visitors to Taxpayer.com
Jan	275	125	59,448
Feb	288	150	30,344
March	389	151	n/a
April	211	183	22,747
May	287	131	32,246
June	274	184	23,997
July	309	118	13,929
Aug	313	129	17,833
Sept	224	124	17,885
Oct	236	170	17,315
Nov	248	132	13,391
Dec	200	110	32,473
<b>Total</b>	<b>3,254</b>	<b>1,707</b>	<b>281,608</b>

\*Includes self-reported speeches, events, meetings, reports, letters, blog posts, etc.

# Indigenous Independent

by Joseph Quesnel

## A bill to finally make First Nations elections fair



by Joseph Quesnel

**E**arlier in my career, I worked as a reporter at the *Drum/First Perspective* newspaper in Winnipeg where

I was confronted with many of the electoral problems of Indian Country.

It was an Aboriginal newspaper that did not mince words about electoral difficulties faced by First Nations communities.

One particular story stands out.

---

Legislation introduced by Ottawa will hopefully reduce the allegations of corruption that have plagued First Nations' elections.

---

It started back in Peguis First Nation, a small native community located less than 200 kilometres north of Winnipeg.

I was covering allegations of corruption in the 2005 band election there. In 2007, Glenn Hudson had edged out incumbent Louis Stevenson as chief. That same year, a Federal Court judge had found that Stevenson had engaged in suspect electoral practices that could have tainted the outcome of the

2005 band election. In the days prior to the election, Stevenson had distributed 14 semi-trailer loads of furniture and appliances to Peguis band members. The practice was tantamount to vote-buying.

I particularly recall the judge holding up a piece of paper which displayed a graph showing the amount of money spent from the band's Special Needs program. Immediately prior to the band election, the amount of money spent ballooned out of

own problems regarding his exorbitant salary (but that is another issue for another column).

Since then, many First Nations have raised similar allegations about corrupt band electoral practices. Some communities from all across the Prairie provinces have called for government investigations into these practices. Sometimes elections are set aside by Governor in Council due to electoral allegations.

This is why I think that Bill C-9, a recently re-introduced bill in the House of Commons, is worthy of support. The First Nations Elections Act will reform many of the practices involved in band elections held by First Nations that still fall under the Indian Act. The bill was previously known as S-6 but died on the order paper when Parliament prorogued.

Although the bill's main focus is on extending the term of chief and council from two to four years and allowing several First Nations to have fixed election dates, it has so much more to it when it comes to describing clear offences and clear penalties.

Many First Nations had long complained about a loose process for the nomination of candidates, a mail-in ballot system open to abuse, a slow and ineffective elections appeal system, and the absence of defined offences and penalties.

This new bill will deal with



control. The judge was pretty candid in stating that this was an obvious problem.

In the next election, Hudson ended Stevenson's 26-year reign. Of course, as CTF supporters know, Hudson would face his



# Indigenous & Independent

by Joseph Quesnel

many of these problems.

Under the bill, the minister of aboriginal affairs would also no longer play a role in receiving, investigating and deciding on election appeals. That would be up to the courts.

Lest one think that these measures will be imposed without First Nations' consent or input, it is important to note that some of these important measures were part of an engagement process with First Nations. The Atlantic Policy Congress of First Nations Chiefs and the Assembly of Manitoba Chiefs initiated a national engagement exercise on First Nations electoral reform. With the support of the Canadian government, these organizations met with First Nations across the country between October 2010 and March 2011.

There is substantial backup for the idea that elections matter. For instance, extending election terms from two to four years will have tremendous economic benefits. Having elections every two years makes it very difficult for First Nations leaders to set longer-term strategic direction, as well as to plan for and implement sustainable processes before facing the entire electoral mode once again. This should help with long-term economic development.

Elections are one area that predict good governance overall. They have been central to the Frontier Centre for Public Policy's annual Aboriginal Governance

Index. In that survey, we asked the opinions of 3,084 respondents, with 2,662 in person and 422 by telephone, across 32 First Nations in all three Prairie provinces.

The Index measures the perceptions of average band members across the Prairies about their quality of governance and services. One of our central categories is elections, which measures how fair and impartial votes are for leaders. On a positive note, in our most recent fifth annual survey, elections were an area of strength. When we asked respondents whether they thought votes were counted fairly in the most recent band election, a small majority (54%) of respondents expressed confidence that they were "definitely" counted fairly.

Respondents were much more divided on the question of whether they thought any voters were told they would receive money or other special favours if they voted in a certain way. This was central to the story about Peguis described above.

While 32% of our respondents thought this sort of tampering definitely did not occur, a similar share of respondents (26%) thought it definitely did occur.

So, opinion was almost evenly divided on the question

of whether payments or favours were exchanged for votes in the most recent band election. These data show that there remain many individuals in First Nations communities who are not confident that local elections are conducted in a free and fair manner.

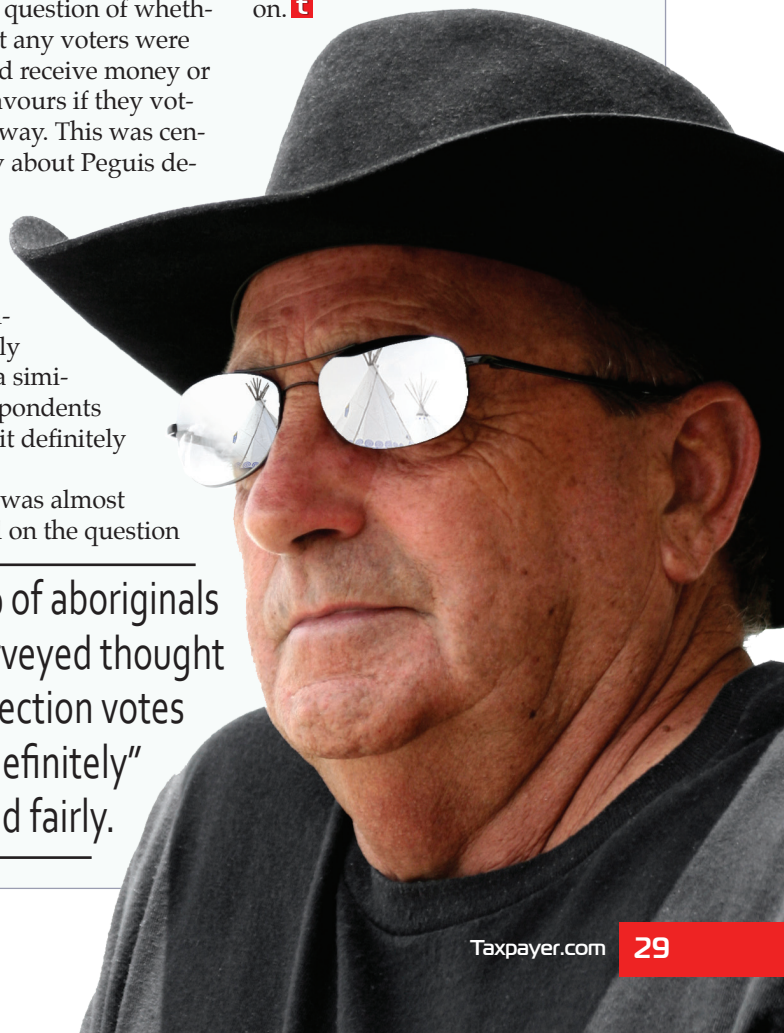
Back to the bill, the strength of the legislation is that it is voluntary, meaning that bands must opt into it. It does not replace the *Indian Act's* electoral provisions, but provides an alternative system to it.

Clearly, from the evidence of our surveying, this kind of legislation is needed to avoid some of the worst electoral problems on First Nations communities.

Electoral problems on First Nations will not go away until we deal with them head on. **t**

Only 54% of aboriginals surveyed thought band election votes were "definitely" counted fairly.

A Metis, Joseph Quesnel is the former editor of the Winnipeg-based Aboriginal newspaper *First Perspective* ([www.firstperspective.ca](http://www.firstperspective.ca)) and a regular contributor to the *Winnipeg Sun*. Presently, he works as policy analyst with the Frontier Centre for Public Policy in Lethbridge, Alberta. Joseph is a long-time advocate for limited government.



# TaxFighter Award:

## Kevin Page popular with us, not the government



by Gregory Thomas  
Federal Director

**T**he Parliamentary Budget Officer was at it again in November, accusing the Harper government of withholding information the office needs to fulfil its mandate.

If you think Kevin Page is starting to sound like a broken record with his demands for financial transparency... this wasn't Page, but his replacement, Jean-Denis Fréchette, who took over as PBO last September.

Fréchette, a soft-spoken lifelong bureaucrat in the Library of Parliament, was said to have been chosen because he's nothing like Page, his plain-spoken, combative predecessor whose term expired in March 2013. Since taking office, however, Fréchette has sounded a lot like Page, complaining of government stonewalling on budget projections and requests for financial documents.

In October, the Canadian Taxpayers Federation awarded its highest honour, the TaxFighter Award, to Kevin Page for his dogged five-year battle to give Members of Parliament the information they need to hold the federal government to account for its spending.

Page did not make a lot of friends in the Harper government, which accused him of overstepping his mandate.

But the Harper government actually defined Page's mandate, in the legislation establishing the PBO as part of the popular *Accountabili-*

*ty Act* reforms of 2006. The mandate is to "provide independent analysis about the state of the nation's finances, the estimates of the government and trends in the national economy." And Page was also required – not empowered, but "required" – to furnish any MP or Senator who asked with an estimate of "the financial cost of any proposal."

The friction between Page and the Harper government really became noticeable in 2009, when Finance Minister Jim Flaherty abandoned his pre-election claim that he was running a balanced budget in 2008. In fact, Flaherty abandoned any intention of balancing the budget for the following five years, silently acknowledging Page's forecast of a continuing deficit.

And Flaherty's January 2009 budget further projected a whopping deficit of nearly \$34 billion, a projection that later proved to be too optimistic by \$21 billion. Looking forward five years, the finance minister promised us a \$700 million surplus by today, in the current 2013-14 fiscal year. That same year, Page and his team projected an enormous budget shortfall of \$16.7 billion in 2013-14.

When Flaherty unveiled his fall economic update in Edmonton this past November, he acknowledged

that the deficit for the current year will be even higher than Page's forecast, at \$17.9 billion.

Page had assembled a highly qualified team of accountants, economists, and analysts, led by senior staff from the Department of Finance and the Treasury Board: people with experience putting together federal budgets and compiling spending estimates; people who understood budgeting and the budget cycle.

He directed them to make all their work available to the public, posting their spend-

President and CEO Troy Lanigan (L) and Federal Director Gregory Thomas (R) present the TaxFighter Award to Kevin Page (C)



ing studies online, with all the supporting background information. He also put the PBO's spending database online, so taxpayers could track actual spending by government throughout the year, and compare it to the figures in the estimates provided to Parliament.

He and his nine staff accomplished all this while staying within their own budget of \$2.8 million, a budget the government had cut by one third. The well-respected US Congressional Budget Office, on which Page's office was modelled, has 435 staff and a \$47-million budget.

From Page and his staff, we learned during the 2008 election that Canada's mission in Afghanistan would cost \$18.1 billion by 2011, not the \$8 billion the government had previously forecast. The government later bumped its estimate

to \$22.6 billion.

Page was criticized for releasing the estimate during the election campaign, rather than after.

During the 2011 election, the government pegged the cost of its plans to purchase 65 F-35 fighter jets for the Royal Canadian Air Force at \$14.7 billion. A pre-election study from the PBO put the cost at \$29 billion, unleashing another torrent of criticism from Conservative MPs.

In his spring 2012 report, Auditor General Michael Ferguson recommended a complete overhaul of the F-35 procurement program. Ferguson told a parliamentary committee that the Department of National Defence had estimated the cost of the F-35 program at \$25.1 billion in June 2010, one year before the election.

A new report from the international accounting firm KPMG, commissioned by the government, put the full cost of the F-35s, over 42 years, at \$45.8 billion.

In one of its final reports before Page's departure, the PBO revealed that payroll costs for

the average federal employee had soared from \$86,000 in 2006, when the Harper Conservatives took office, to \$114,300 in 2012. Unless the government reins in its payroll spending, that number is projected to hit \$129,800 by 2015. One major reason for the budget deficit is Ottawa's total payroll, rising to \$43.8 billion last year from \$29 billion in 2006.

At a tribute event organized by the CTF in a church basement in Ottawa in October, CTF President Troy Lanigan and Federal Director Gregory Thomas joined with a crowd of supporters, government whistle-blowers, family and co-workers to present Kevin Page with the TaxFighter award.

The entire staff of the PBO gathered on the stage fur-

nished by the CTF to pay tribute to their former boss and his commitment to making government accountable for taxpayers' dollars. **t**





## British Columbia

# Balloon ban backfires – An Olympic hit in Vancouver



by Jordan Bateman  
BC Director

**I**t took a while to find the right spot, but the Canadian Taxpayers Federation's iconic Senate campaign balloon finally visited BC after being banned from the provincial legislature by House Speaker Linda Reid.

Reid's refusal to give the CTF permission to raise the inflatable in Victoria was panned by the media. Legislative press gallery president Tom Fletcher of

Why did House Speaker Linda Reid allow the pipeline protestors to bring a balloon to the BC legislature, but told the CTF they couldn't?

Black Press noted that pipeline protestors were allowed to bring a pipeline balloon onto the precincts, and *Province* columnist Mike Smyth reminded readers that Gordon Campbell was burned in effigy in 2002.

A balloon that may or may not look like a certain suspended senator "from" Prince Edward Is-

land seems tame in comparison. Reid claimed the balloon was "disrespectful." Actually, it's the Senate's misuse of tax dollars that many Canadians find disrespectful, but, thanks to Reid's lack of a sense of humour, the balloon's popularity

## Duffy balloon ban makes no sense

**PEOPLE'S HOUSE:** B.C. legislature out to lunch in determining inflated senator is unacceptable on grounds

Everyone knows Mike Duffy has an inflated ego, and he's not welcome in many parts of Canada these days. What you may not know is an inflated Mike Duffy is not welcome at the B.C. legislature, because the Speaker doesn't want to hurt the disgraced senator's feelings.

The legislature has officially banned a three-storey-high balloon likeness of the Duffier from the town of the people's house.

The nine-metre-tall Duffy balloon is the brainchild of the Canadian Taxpayers Federation, which wants the scandal-ridden Senate abolished and is using Duffy as a symbol of its cause.

The Duffy dirigible – which depicts the senator with taxpayers' money spilling out of his pockets and briefcase, his hand outstretched for more – has been displayed recently near the House of Commons.

It also appeared outside the Saskatchewan legislature in Regina, where parliamentary staff graciously allowed use of public electrical outlets for an air compressor to pump Duffy up.

But Victoria was a different story.



Michael Smyth  
IN THE HOUSE

side the legislature is the past, many of them including large puppets, balloons and props. Just last month, an anti-pipeline protest featured a huge puppet of a migrating salmon and signs condemning the government's "fascist sellout."

I vividly remember a 2002 rally against government budget cuts in which an effigy of then-premier Gordon Campbell was strung up and burned by an angry mob.

Speaker Linda Reid wasn't available for comment, but a letter sent to Bateman said the Duffy balloon event would be "an inappropriate use of the legislative precinct grounds."

"Maybe we should have asked for forgiveness instead of permission and just gone ahead and done it," Bateman said.

"The use of humour and satire is a long-standing tradition in political debate, including at the legislature."

But, sadly, the legislature isn't what it used to be.

The place has been silent for months, after the governing Liberals cancelled the fall session, at the same time they skewer the public with huge increases in hydro rates, C.B.C. premiums and ferry fares.

As taxpayer resentment rises, something tells me the Duffy balloon will pop up somewhere else, with or without permission.

more@thetaxpayers.com  
twitter.com/mikesmythbc



The Senator Mike Duffy balloon stands proudly outside the Saskatchewan legislature in Regina.

only grew – a classic case of a rebellious electorate wanting to see what mom has forbidden them to see.

Undeterred, the CTF changed plans, and the balloon went to Vancouver's Olympic Village instead. The significance of the location was not lost on reporter Bob Mackin, who tweeted, "[Senate balloon] at #Olympic Village in #Vancouver

w / #BCPlace in background. A trifecta of public funds gone #poof."

The balloon's surprise stop was a trending topic on social media site Reddit, and attended by several media outlets. Neighbours took pictures from their third-floor condos across the street, as others



# British Columbia

swarmed the big man to get photos.

British Columbians should be especially concerned about the future of the Senate, as the province is terribly underrepresented.

With a population of 4.4 million people, BC has only six senators. New Brunswick, with a population equal to Vancouver and Richmond, has 10. Tiny Prince Ed-

ward Island, with the same population as Coquitlam and Port Moody, has four.

Electing senators will do nothing to improve that ratio. In fact, it will weaken BC's democratic voice by allowing senators to feign some sort of electoral legitimacy, and entrench BC as being less important than New Brunswick and other Atlantic provinces.

The provincial NDP recently put forward a motion in the BC legislature supporting abolishment of the Senate. To build support, the CTF called on Premier Christy Clark to allow a free vote on the motion – the same one supported by both Saskatchewan and Manitoba.

In the end no vote was held, but the jury is hardly out on the Senate.

## Podium-worthy ideas in BC politics

**I**t's hard to believe that the Vancouver Olympics were a full four years ago, but in the spirit of Sochi, here are three medal-deserving stories for taxpayers from BC in 2013.

**Gold** – The BC government is undergoing a core review, examining all of its programs for places to save taxpayers money. This had been recommended by the CTF in both the 2012 and 2013 budget cycles, and we are happy that the freshly re-elected BC Liberals finally took our advice.

The first announced cuts were a good, albeit modest, start. The BC Provincial Capital Commission was a million-dollar waste as it was redundant to other government agencies that could do the same work of managing land. The bigger cut, scrapping the Pacific Carbon Trust at an annual saving of \$5.6 million, was an outstanding step forward, and one the CTF has pushed for years. The Trust was a greenwashed corporate welfare scheme, and we are hopeful this is just the first step toward eliminating taxpayer-funded carbon credits altogether.

**Silver** – The City of Langford is cutting red tape by getting rid of an-

BC government  
wins gold for its  
review of core  
programs to find  
savings.

nual business licences. The Vancouver Island city will only charge businesses once for a licence, issuing perpetual permission to do business in their community. That means a loss of \$70,000 in annual revenue, but Langford will more than make up for that by reducing bureaucracy and attracting new business.

Mayor Stewart Young said annual business licence fees are "old thinking" that "whack" businesses. "They're already employing people. We're happy they're here in Langford. They give us three times the [property] taxes as residential and then we mess around with these little \$50 business licences." We hope this is an idea that many municipal candidates around BC grab onto this November.

**Bronze** – When Penticton Mayor

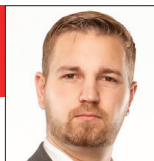
Dan Ashton announced he would run for the BC Liberals in May's provincial election, he made a key campaign promise to the taxpayers of his community: he would personally foot the bill for the byelection to replace him as mayor. "In good conscience, knowing the impact of those decisions on many, I cannot personally accept imposing an additional election expense onto Penticton citizens and the taxpayers," Ashton said at the time.

It worked. Ashton won the MLA seat and cut a personal cheque for \$32,000 to the City of Penticton to cover the byelection bill. Penticton taxpayers weren't surprised: Under Ashton's leadership, the city froze property taxes for three straight years and cut staffing costs. **t**



# ALBERTA

# Taxpayers *bail out* senior bureaucrats' pensions



by Derek  
Fildebrandt  
Alberta Director

**Y**ou've read it many times in

*The Taxpayer:* unsustainable government employee pension plans

are going bust and will have to be bailed out by taxpayers. This is exactly what happened recently in Alberta, without much fanfare.

In late November, Finance Minister Doug Horner decided taxpayers would increase their already generous contribution to senior government executives' pension plan from 19% of their salary to 22%.

For a bureaucrat making \$150,000 a year, this change will cost taxpayers an *extra* \$4,065 annually. For this

one bureaucrat, taxpayers will be kicking in \$32,775 a year towards his or her pension.

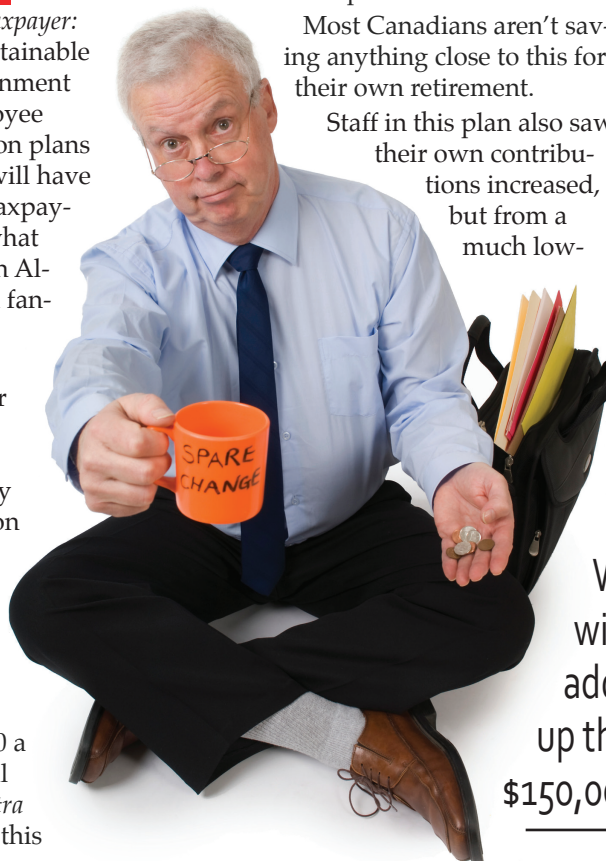
Most Canadians aren't saving anything close to this for their own retirement.

Staff in this plan also saw their own contributions increased, but from a much low-

er starting point. For every dollar invested into their pensions, taxpayers contribute 63 cents, and employees just 37 cents.

In short, senior government bureaucrats weren't even asked to contribute on a 50-50 basis before taxpayers bailed them out. Rather than an old-fashioned bailout, Horner will boost the pension plan by stealth, cutting them a bigger cheque every year.

And it may not stop there. The senior managers' plan's unfunded liability of \$103 million is a drop in the bucket compared to the province's overall pension shortfall of \$10.8 billion.




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Why should taxpayers, many without a pension, contribute an additional \$4,000 annually to top up the pension of a person earning \$150,000 a year?

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## No penalty for elbowing in Redford's riding

**T**he Elbow Park School (EPS) in Premier Alison Redford's riding was badly damaged in the June 2013 floods. Fortunately, other nearby schools had excess capacity that could easily accommodate the displaced students while their school was being repaired.

Apparently that wasn't good enough, so the Premier dedicated more than \$4 million to erect temporary structures to keep EPS separate from other student bodies.

It was a largely inexplicable de-

cision, considering other communities – not in the Premier's riding – that had schools damaged in the floods did *not* have nearby excess capacity. Many such schools were stretched to obtain the required temporary structures, with some students having to meet for class in cafeterias.

To add insult to injury, the Alberta government awarded a \$1.1 million untendered contract to Sprung Instant Structures to provide a temporary gymnasium for the EPS.

The story took a strange turn, however, when the Canadian Taxpayers Federation uncovered evidence showing that the then-president of the Elbow Park Residents Association (EPRA) was Tim Sprung, who also happens to be vice-president of Sprung Instance Structures.

Days before the government's announcement of the untendered, sole-sourced contract, the EPRA tweeted "Good meeting with @Premier\_Redford today. Discussion





around upstream flood mitigation and rebuilding Elbow Park School.”

In short, the association lobbied Premier Redford directly for the temporary gymnasium and its pres-

ident happened to get the contract without any competition.

The province hands out many sole-sourced contracts, but when the dots are so easy to connect be-

tween persons with an interest at stake – financial or political – then it’s clear that Alberta’s government has become far too comfortable with the practice.



**E**dmonton’s candidates for council were less committal about limiting property tax hikes, but every single candidate who answered the survey – except for Dave Loken – pledged in writing to post their expenses online, with receipts.

Every Alberta MLA, every Calgary councillor, and most senior government employees in Alberta already post their expenses. Edmonton’s city council stood out as the province’s biggest holdout on expense disclosure. The CTF tried to end-run this by obtaining their expenses through Freedom of Information requests, but has been blocked for more than a year at every turn.

So it was welcome news that most of those candidates elected to the new council – including new Mayor Don Iveson – promised to catch up to the rest of the province.

But, politicians say the funniest things when they want your vote, don’t they? Once safely elected, council voted only to post general line items online. No details, no receipts; none of the things that the CTF has used to hold politicians to account in the past.

If council refuses to come clean on its expenses, perhaps it’s time for the provincial government to force disclosure, rather than ask for it.

## Municipal survey results online

Before the Oct. 21, 2013 municipal election, the CTF released surveys of council and mayoral candidates in both Calgary and Edmonton. The results can be found at [Taxpayer.com](http://Taxpayer.com).

## Calgary councillors deceive voters on tax return

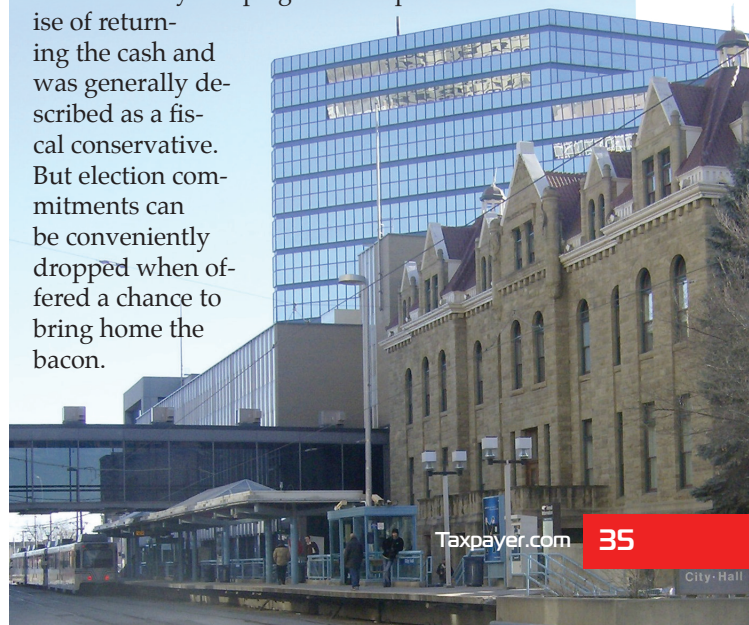
**C**algary taxpayers had reason to celebrate after last fall’s municipal elections, or so they thought. A clear majority of the new council had pledged in writing to the CTF that they would return \$52 million in tax room back to taxpayers, and that they would not raise taxes beyond the rate of inflation.

Well, politicians promising one thing at election time and doing another thing as soon as they’re safely in office isn’t a new concept, but it was still shocking when it happened in Calgary.

Just one month after being re-elected on a promise to return the \$52 million to taxpayers, councillors Shane Keating and Richard Pootmans flipped columns and voted to keep it. Pootmans’ election commitment was frankly a bit of a surprise: it was less surprising when he went back on his word once safely re-elected.

Perhaps to avoid political embarrassment, Mayor Naheed Nenshi reversed his position that the \$52 million should be spent on flood relief, and instead struck up a deal to spend it – on anything – so long as it wasn’t returned. He found his answer in Keating, promising that if he broke his pledge, the lion’s share of the \$52 million would be spent in his ward every year for the next 10 years.

Shane Keating’s flip-flop was shocking. He had forcefully campaigned on a promise of returning the cash and was generally described as a fiscal conservative. But election commitments can be conveniently dropped when offered a chance to bring home the bacon.





## Pushing efficiencies in our pre-budget submission



by Colin Craig  
Prairie Director

**W**hen the Canadian Taxpayers Federation met with Saskatchewan Finance Minister Ken Krawetz in December, our fo-

win for taxpayers.

We also focused on the need to address the province's pension problems and its high rate of sick leave compared to those in the private sector. And we encouraged the government to strike more

partnerships like the one with K-Bro, a business which is going to clean hospital linens and is expected to save the government \$93 million over the next 10 years.

You can see the full document we presented at [Taxpayer.com](http://Taxpayer.com).

Prairie Director Colin Craig (L) meets with Finance Minister Ken Krawetz.



cus was almost entirely on ways the provincial government could find efficiencies.

We put forward ideas such as "gain sharing" – an innovative practice whereby public employees can share in the savings if they find ways to save money. Of course, they would still have to meet performance targets.

A good example of gain sharing comes from North Carolina. Employees of the Montgomery County department of transportation suggested it stop paying \$430 to have scrap signage hauled away. Instead, the department was paid \$15,000 for its scrap signage by a local metal recycler. The employees got to split \$7,500 among themselves while the government saved \$430 and earned \$7,500; a

## Taxpayers, students bail out university pension plan

**N**umerous government employee pension plans have promised more to employees than the funds can afford. As a result, taxpayers are being forced to put in more money, even though 75% of non-government workers in Saskatchewan don't have workplace pensions themselves.

The latest plan on which we blew the whistle is the University of Regina's plan for non-academic employees. Consider what the University said in a notice to members in January 2013:

*"While the University of Regina Non-Academic Plan is in far better shape than most pension plans*

*across the country; it does have its own serious financial difficulties. To address these difficulties will require increased contributions, decreased benefits and/or a redesign of the pension plan. The pension plan is not sustainable in the long term in its current format... It is currently estimated that the Plan will have a deficit at Dec. 31, 2012 of approximately \$14 million."*

But this isn't the first time the university (in other words, taxpayers and students) has increased the amount it contributes per employee. Consider what has happened over the last eight years:

It may not seem like a big per-





centage increase, but in dollar terms it's huge.

For someone earning \$38,835, a hike from 5.15% to 8.75% means the university will go from putting \$2,000 into the pension plan for that employee to about \$3,398. That's a 69.9% increase. Multiply that by hundreds or thousands of employees and the money really starts to add up.

## Contribution rates for U of R non-academic pension plan

Year	Contribution Rate*
2006	5.15%
2008	6.50%
2010	7.75%
2014	8.75%

\* Represents the percentage of each employee's earnings that the university pays into the pension plan

## Ahhh... so that's why the chief was upset

It's "state-sanctioned blackmail" and "legalized extortion" cried the chief of the Onion Lake First Nation, located on the Saskatchewan-Alberta border.

You're probably wondering what could get Chief Wallace Fox so upset? Did someone threaten to steal his truck? Kidnap a relative and press for a ransom? No, he was upset the federal government passed a law that requires his salary and those of all other chiefs and councillors across Canada to be posted on the federal government's website each year.

Thus, his pay will soon be made public like that of most off-reserve politicians who already have their pay disclosed online.

Chief Fox made those fiery comments to media in Saskatchewan after the new law passed in March. In fact, he was so upset with the federal government that he even threatened legal action. He also told the *Saskatoon Star Phoenix* that he was already accountable and provided financial information to band members regularly.

Interestingly enough, a few months after Chief Fox's infamous words, band member Leo Paul contacted the CTF and told us that he often had difficulty obtaining finan-

cial information from his band office.

We helped Paul obtain his band's information from the federal government and the results weren't surprising. Chief Fox made \$123,576 tax-free in 2011-12. For some-

Was the real issue that Chief Fox didn't want anyone to find out he was earning more than the Premier of Saskatchewan?


one off reserve and paying income taxes, that equals a salary of about \$191,500, just a bit higher than Premier Brad Wall, who earned \$191,247 that same year (\$154,247 from taxpayers and \$37,000 from the Saskatchewan Party). Fox also made another \$6,900 tax-free for sitting on other boards as chief (e.g. the publicly funded provincial body that represents all chiefs in the province).

There are about 3,283 people living on Chief Fox's reserve, while Premier Wall represents a province of about 1.1 million people. No wonder Chief Fox doesn't like the

new transparency law.

We released all this information to media across Saskatchewan along with a quote from Leo Paul:

*"My reserve is a good example of why it was important for the federal government to pass the reserve transparency bill. Band members in my community often have a hard time getting their hands on financial information. Thankfully we'll soon be able to see the info anonymously on the federal government website."*

This is why the CTF's push behind the new transparency law, Bill C-27, was so important. 





# Even former premiers want Hydro review



by Colin  
Craig  
Prairie Director

**W**e've been saying for a while that Manitoba Hydro's risky \$34-billion plan deserves a lot more scrutiny and media

attention than it's receiving.

To put Hydro's plan into perspective, it actually comes with a higher price tag than Manitoba's entire provincial debt, currently around \$30 billion.

If Hydro's plan goes according to schedule, you're going to see 4% increases to your Hydro bills every year for the next 20 years. And if the plan doesn't go according to schedule? Well, at least one expert, Graham Lane, the former chair of the Public Utilities Board, has suggested rates could triple.

This is why we've been pushing for a truly independent and non-partisan review. It's crucial to

get the project right or Manitobans are going to get stuck holding a very sizeable bill.

The Canadian Taxpayers Federation worked with the Bipole III Coalition, a group of former Manitoba Hydro executives, university engineers and other concerned Manitobans to issue an open letter to Premier Greg Selinger.

It wasn't just any open letter: it included quotes from former premiers Gary Filmon (Progressive Conservative) and Ed Schreyer (NDP). No one can remember another time when former premiers, from different parties, provided quotes for the same open letter.

**Manitoba Hydro's \$34-billion plan needs more scrutiny.**



Beyond the press conference to release the letter, we were also able to run it as a full-

page ad in the *Win-*

*nipeg Free Press* and *Winnipeg Sun* thanks to some generous donors. We also placed radio ads on *CJOB* and *Fresh FM*.

To learn more about why Hydro's plan is risky and what it could do to your electricity bill, please visit [www.RiskyHydroPlan.ca](http://www.RiskyHydroPlan.ca).

## Former premiers speak out on BiPole III

*"Past growth rates and credible projections show a domestic growth rate well within Hydro's present capacity for a few more years. Why rush on a multi-billion-dollar scale into a very uncertain export market? And we do have the time. Imagine – just imagine – ending up having to subsidize electricity sales to another province, or another country altogether. Yet this could so easily happen. Indeed, based on present costs and prices, it is*



*almost certain to happen."* – **Former NDP Premier Ed Schreyer**

*"I can't understand why the government is afraid to have an objective, independent review of Manitoba Hydro's \$34-billion proposal. It's by far the largest commitment made by a Crown Corporation in the province's history. -* **Former PC Premier Gary Filmon**



Photo Ed Schreyer flicker/olipintens



# Red River College gets schooled **AGAIN**

**W**e try to focus on big-picture spending issues, such as Manitoba Hydro's \$34-billion plan, the \$278-million PST increase and so on.

However, it's important for public bodies to know there's a watchdog looking into smaller matters too. You may remember how the CTF last March blew the whistle on the Red River College board allowing its president, Stephanie Forsyth, to expense golf shoes and her driver's licence.

The board said the driver's licence was expensed by accident

and the golf shoes were approved so that she could golf and "network" while representing the college. The president subsequently repaid the expenses, presumably so that the matter would go away. The board also denied there were any similar issues.

However, we received many calls from whistleblowers with more tips. We kept digging and discovered some other interesting expenses, including some sort of pre-wedding event at the president's house.

We also discovered that Forsyth's contract not only includes a defined salary but a top-up for things she couldn't expense – e.g. golf shoes. This

of course raises the question: why would the board originally agree to pay for the shoes if the president was already getting a top-up?

Regardless, take a look at what was repaid *only after* the CTF started digging. We hope others on the public payroll have seen what has been exposed and are being more careful. **t**

## Visit the web site and pass the ammunition

**I**f you ever need some ammunition to explain to friends how our province could do much better if the government didn't misspend so much money, visit our website, [Taxpayer.com](http://Taxpayer.com)

In particular, we recommend our blog post of Nov. 25, 2013 titled *Wasteful Spending Examples In Manitoba*.

The post includes 10 ways the provincial government could be more efficient.

There are larger items such as reducing the size of our bureaucracy, pursuing pension reform and merely getting the government to hit its own budget targets instead of overspending.

And there are smaller items such as getting the premier to lead by example and reduce the size of his cabinet (currently 19) down to the size it was when Gary Doer left office (16). After all, every provincial politician in cabinet gets a pay top-up, more staff, a government car and other benefits.

The president is already paid a salary top up to cover items she couldn't expense.



## Red River College president Stephanie Forsyth's expenses

Item	Status
\$200 golf shoes	Repaid after CTF brought it to light
\$50 driver's licence	Repaid after CTF brought it to light
Bills for a pre-wedding event (believed to be from 2010 or 2011)	Repaid in 2013 after CTF started investigating. Amount is unknown as the college wanted \$600 to disclose the details
\$200 spent on tickets (\$40 each) to the college's staff Christmas party for her and her spouse, her assistant, another staff member and her spouse	Repaid \$160 after the CTF began investigating
\$417 expense at 529 Wellington, one of Winnipeg's most expensive restaurants	Repaid after CTF blew the whistle on golf shoes



# Corporate welfare season in Ontario:

## Premier Wynne is bribing companies to do business in the once-great province



by Candice  
Malcolm  
Ontario Director

**I**t's corporate welfare season in Ontario. The Kathleen Wynne government is desperate for a good news story, and is using your money to get it.

The Canadian Taxpayers Federation earlier revealed that the Wynne government will hand half a million dollars to Maple Leaf Sports and Entertainment (MLSE) to host the 2016 NBA All-Star Game.

Recently valued at \$2.25 billion, MLSE doesn't exactly need hand-outs. Taxpayers are scratching their heads. Why do they charge so much for hockey tickets when they're also on the dole from the taxpayer?

In December, the Wynne government also announced it is giving \$220 million to Cisco Systems – a company with almost \$50 billion in revenues this year – in exchange for a pledge to create about 1,700 research jobs.

The government is bribing companies to do business in Ontario instead of offering all companies an incentive to stay by lowering the tax burden, eliminating red tape, and fixing the broken energy system that has led to skyrocketing energy prices.

These grants tilt the playing field and only help the well-connected. And in Ontario, they have a track

record of backfiring. Both Novartis and Kellogg took corporate welfare from the province, which didn't stop them from shutting down opera-

tions in Ontario, resulting in nearly 1,000 direct job losses. We wish the government would

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### Corporate welfare handed out to Kellogg and Novartis did not prevent 1,000 job losses.

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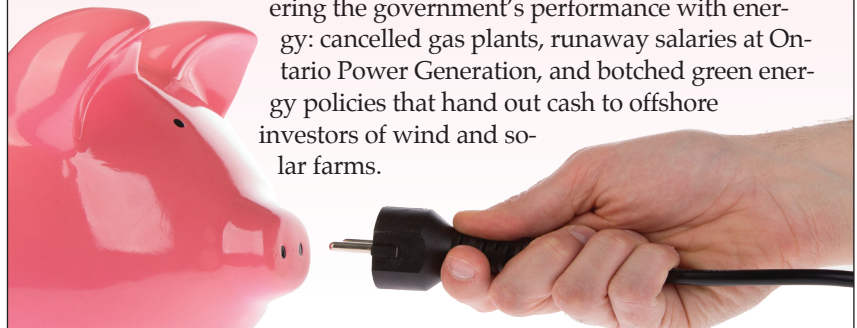
record of backfiring. Both Novartis and Kellogg took corporate welfare from the province, which didn't stop them from shutting down opera-

wake up to the reality that high taxes and a heavy regulatory burden are chasing businesses and jobs out of Ontario.

### You'll get quite a charge out of this

**E**nergy Minister Bob Chiarelli's long-term energy plan may be a shock to most Ontarians. Our hydro bills are about to soar. Expect a 33% increase over the next three years. By 2018, the average residential hydro bill will be \$178 per month, \$53 more per month than what we pay now.

It is no wonder Ontario has the highest rates in the country, considering the government's performance with energy: cancelled gas plants, runaway salaries at Ontario Power Generation, and botched green energy policies that hand out cash to offshore investors of wind and solar farms.





## Auditor General's report shines the light on OPG

The 2013 Auditor General's report contained a number of startling revelations.

However, the big news was the culture of entitlement that persists within Ontario Power Generation (OPG), the crown corporation responsible for providing 60% of the province's power. Here are some of the more outrageous revelations about OPG:

- OPG has nearly 8,000 employees listed on

Where to cut to balance the budget?  
How about 40 VPs with no job descriptions?

the Sunshine List, each pulling in more than \$100k per year. That's 62% of all OPG employees;

- The list includes 40 vice-presidents and directors with "no specific titles or job descriptions;"
- There's even a \$200k club with 448 names on it;
- Taxpayers contribute a disproportionate amount to OPG employees' pension plan, with funding ratios of 4:1 or 5:1;
- The top five OPG executives will be eligible for pensions of up to \$760,000 per year;

- OPG's pension deficit is about \$555 million;
- Nepotism has become a problem at OPG. As many as 10% of all employees have relatives at OPG, while normal recruiting and hiring practices were not followed. Life is just so good at OPG that employees had to share their good fortune with their loved ones.

The serious mismanagement and lack of oversight is part of the reason why our energy prices are so high in Ontario. This government is asleep at the wheel and its energy policies are bankrupting our province.

The CTF is calling for significant structural reforms within the energy ministry, and we are calling on the government to dismantle the green energy act.

## Higher gas taxes to fund Toronto transit?

The urban elite in downtown Toronto appear to have won another battle in their war against the automobile. Led by Premier Kathleen Wynne, Torontonians seem one step closer to funding their \$50-billion, taxpayer-funded *Big Move* project.

The latest Metrolinx study, released in mid-December, calls for the province to impose new gas tax hikes, increase corporate taxes, and add more debt to finance the ambitious public transit project. These tax hikes would apply province-wide,

Did you know 40 cents of every litre of gas you buy goes to taxes?

but the majority of funds would be directed to Toronto's transit.

Governments are not very honest about current levels of taxation on gasoline, and

the plan to hike rates on drivers is even more wrong-headed. The average Ontario family already pays \$1,239 per year in gas taxes, and this plan will lead to another \$260 per year.

Here are some more stats about gas taxes in Ontario at current taxation levels:

- Gas taxes comprise 31% of the price at the pump, or 40 cents per litre;
- This includes a federal excise, provincial gas, HST, and tax-on-tax;
- Government raises \$4.79 billion annually in various gasoline taxes;
- Ontario only spends a fraction of that on highways and infrastructure.

The CTF continues to call on the government to reject the Metrolinx tax grab and instead create a *Gas Tax Accountability Act* so that gas taxes are restored to their original purpose – a user fee on roads. **t**

# Quebec's maple syrup monopoly not such a sweet deal



by Pierre-Guy Veer

**Q**uebec is to maple syrup what the Middle East is to oil: gifted by nature, the province produces more than 70% of the world's golden liquid and more than 85% of Canada's.

Unfortunately, as is the case with Middle Eastern oil production, the government is heavily involved in the business through regulations that are intended to "protect" established producers.

Most important is the legal monopoly given to the Fédération des producteurs acéricoles du Québec (FPAQ, the maple syrup producers' federation). Like the late Canadian Wheat Board, the FPAQ is the sole place where producers are allowed to sell their product in bulk; direct sale to customers (for example at a farmers' market) is exempted from the rule, although it must still be reported to the FPAQ. If a maple syrup producer dares try to sell in bulk on its own, the FPAQ will level a fine or ultimately seize the product.

As shocking as are these blatant violations of private property rights, they are unfortunately legal. Indeed, the FPAQ was given regulatory powers by the Loi sur la mise en marché, which regulates the selling of (collective) agricultural production. Since the law was adopted in 1990, the FPAQ has adopted some 15

regulations, from compulsory registration to taxes (almost eight cents per pound of syrup).

It also assigned quotas to producers, making the

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**If a farmer tries to sell his syrup on his own, the FPAQ will fine him or seize his product.**

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FPAQ a full-fledged cartel, according to economist Sylvain Charlebois. He claims that these quotas exist, just like oil quotas with OPEC, to avoid lower selling prices after a good harvest. Charlebois adds that controlling prices is more important to the FPAQ than innovation and developing new products.

Ontario and New Brunswick have taken advantage of Quebec's senseless protectionism and stagnation by creating such new and innovative products as maple vinegar, maple ice wine and maple popcorn. Ontario has doubled its maple syrup production since 2006.

Quebec could be at the forefront of innovation too. But first, it needs to get rid of stifling regula-

tions that are choking maple syrup production. Sure, this could mean that some producers will be out of business, but that's how the market works: only the most competent and innovative ones thrive. Those people are the ones the FPAQ wants to control, since they obviously endanger "the economic, social and moral interests of the 7,400 maple syrup businesses in Quebec."

However, deregulation will not happen anytime soon. In 2008, all provincial political parties unanimously approved the Pronovost report on agriculture. Most of its recommendations either called for the status quo or for an extension of state intervention.

Adam Smith, who so vehemently opposed production monopolies, would turn in his grave.





## D'Amours report on retirement: Most proposals will not solve the problems

Quebec, much like other provinces, has some serious problems with its pensions, notably their exploding costs and the fact that many people will outlive their savings. The Charest government mandated Alban D'Amours, former CEO of Mouvement des caisses Desjardins (the credit union subdivision of Desjardins) and a group of experts to shine a light on the problems and bring forward solutions. Their report won't revolutionize anything, but did highlight some interesting problems.

Most important is the fact that the average Quebecer retires two years earlier than the average Canadian. This practice is encouraged by the Régie des rentes du Québec (RRQ, the provincial pension plan), which penalizes revenues earned after age 60 – working after age 60 decreases the pension received. This early retirement creates tremendous pressure on public pensions, which are paid mainly out of regular government revenues.

To solve the problem, D'Amours suggests the abolition of compulsory retirement so that “the worker must remain free to decide the time of his effective retirement.” It just makes sense: compulsory retirement at 65 was invented in 19<sup>th</sup> century Germany, when people on average lived to be 68 years old.

Another major problem is the

strict rigidity of laws surrounding pensions. As of now, it's nearly impossible to change benefits or to adjust annual indexation, which makes pensions, especially those of former


funds – D'Amours uses a house analogy to talk about pensions, stating that both the foundations and the walls must be built by governments. It's disappointing that a doctor of economics wouldn't push ideas that would encourage more private savings.

D'Amours also proposed the government create a “longevity annuity,” although people would only



### To whose pension are you contributing?

earn it once they reach the age of 75. Once more, this would be a one-size-fits-all solution where workers would have fewer incentives to save since they know that other taxpayers have their back. According to a study by the Ministry of Finance, this annuity, paid for by taxing up to 3.3% of one's annual salary, would decrease economic activity by at least \$2 billion.

What pensions in Quebec really need is for the government to get out of them. That way, people could choose to invest their money where they see fit and taxpayers wouldn't have to pay for others neglecting to save. 

public employees, 30% more expensive. Letting people negotiate their plans as D'Amours suggests could avoid default and ensure their viability.

Unfortunately, most other recommendations are based on the faulty assumption that governments must provide virtually all retirement





ATLANTIC CANADA

# OVER BUDGET

BLUENOSE CONSULTANTS BILL BIG BUCKS

Bluenose restoration project Flickr/Paul B. Halifax



by Kevin Lacey  
Atlantic Director

**N**othing's more frustrating than seeing rules that apply to the rest of us not apply to our government. This is so in continuing saga of the *Bluenose II*.

In December, the rebuild of Nova Scotia's sailing ambassador *Bluenose* missed yet another deadline for completion. The Nova Scotia government says she may now be ready to set sail sometime in the spring of 2014.

Missing a deadline is one thing, but this is the *eighth* time she's missed a promised completion date. With every deadline missed, the price tag has ballooned.

Taxpayers have already shelled out an extra \$2 million on top of the schooner's original \$16-million price tag. That price is climbing.

One big reason for the price increase is that consultants – who were hired to ensure that *Bluenose II* was built on time and on budget –

charged almost a million dollars more than the original tender.

The Canadian Taxpayers Federation obtained documents through the *Freedom of Information and Protection of Privacy Act* that show MHPM Project Managers Inc. was hired to “project manage” the construction. MHPM won the contract in the fall of 2009 for \$375,000. The contract was supposed to last 17 months until the ship's completion. However, some 49 months later the schooner still is not finished.

And the kicker: MHPM told the *Ottawa Business Journal* that prior to winning the *Bluenose* contract the firm had little experience in managing construction of wooden sailing ships.

So what did the government do with the over-budget consultants hired to manage the budget?

The government kept paying. At a rate of around \$25,000 a month,

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One consultant won a contract for 17 months costing \$375,000. 49 months later still consulting and they're still getting paid \$25,000 per month.

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the contract has now swelled to at least three times its original size.

When confronted with this information, the minister responsible defended the decision, telling the *Lunenburg Progress* “MHPM has done a good job managing this project to ensure that the boat meets the highest international standards for safety.”

Good job? Really?

The public was not as easily satisfied. As a result of public pressure, the minister has launched a review of the whole *Bluenose* mess. But, will anyone be held accountable? The saga continues.



## Accounting tricks misrepresent Nova Scotia's finances

In the spring of 2013, Nova Scotia's then-NDP government introduced a "balanced" budget; in fact, at the time it claimed a \$16-million surplus.

But how things have since changed.

An election last fall turfed the NDP government. The new Liberal government has reviewed the books and things are not quite as once believed.

The new government is now projecting a \$481-million deficit.

How did things change so dramatically?

Mostly because of the previous government's accounting tricks.

For example, the NDP decided to book pension liabilities over 13 years rather than by current fiscal year, the way most provinces do. That made a bottom line difference of \$280 million.

Revenue projections in the original budget were far too rosy, as some independent observers

warned when the budget was introduced. The government missed its combined revenue targets by \$157.8 million.

Government spending shot up by \$328.5 million over the forecast.

Among the spending increases identified by the new Liberal government was \$17.5 million to the

Department of Community Services, because the previous NDP government had only budgeted 11 months of welfare

payments; the 12th month had been moved into the next fiscal year.

That alone wiped out the so-called "surplus" boasted by the previous government.

When it comes to budgeting, taxpayers should expect that the government is spending only what it

takes in and that it tell the truth about what it's doing with taxpayers' money. Seems the previous government ignored those expectations when it introduced its budget last year.

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How could the province go from a \$16-million surplus to \$481-million deficit over night?

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## NB tax increases and missed financial targets

When the biggest tax increases in 30 years came into effect in the spring 2013 budget, Finance Minister Blaine Higgs said that they were needed to reduce the province's budget deficit.

But now the increases have contributed to the province's economic woes, and that deficit problem is getting worse... much worse.

New Brunswick already has one of the highest unemployment rates in Canada as well as one of the largest deficits for the size of the province and workers' wages are barely keeping up with inflation.

Now the province has another problem: tax increases have stunted economic growth.

Income tax revenues are down as thousands of New Brunswickers are packing up and moving to such lower tax jurisdictions as Alberta. In 2012-13, some 2,500 more New Brunswickers moved to Alberta than moved into the province.

In all, the province has received \$168 million less revenue than it had projected.

We should not be surprised that the tax increases and missed financial targets have gone hand in

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Despite the biggest tax increase in 30 years, the government's revenues were \$168 million less than projected.

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hand. The Royal Bank's post-budget review predicted the tax increases would dampen any economy recovery.

Governments get into trouble not because they don't tax enough but because they spend too much. Over the last five years, total government spending in the province is up over a billion dollars. This is a lot, especially given that the annual budget is \$9 billion and the province has a population of only about 750,000.

The government's tax changes certainly had an effect on this year's budget numbers – just not the one it was counting on. **t**



## Generation Screwed expands online

In the last issue of *The Taxpayer*, the Canadian Taxpayers Federation introduced its new campus initiative, Generation Screwed, and accompanying website, [GenerationScrewed.ca](http://GenerationScrewed.ca). Since then the initiative has further developed online to include social media networks Facebook, Twitter, YouTube and BBM Channels.

In conjunction with the YouTube launch, the video "Introducing Generation Screwed" showcases our weeklong campus tour through Southern Ontario. Features include interviews from numerous Generation Screwed coordinators and supporters, as well as photos from all campus stops.

Like on Facebook: <https://www.facebook.com/GenerationDebtCdn>

Follow on Twitter: <https://twitter.com/GenScrewedCdn>

Subscribe on BBM (requires latest version of BBM for BlackBerry smart-phones):

Subscribe on YouTube: <http://www.youtube.com/user/GenerationScrewedCdn>



ChannelPin.com/C001214CC

BBM

## It's a contest

The Generation Screwed campaign recently launched two new student contests as part of our latest initiative to raise awareness and solicit action from students across Canada.

A short-essay contest asks students to explain, in 750 words or fewer, why young people should care about government debts, deficits and/or unfunded liabilities.

An infographic contest, meanwhile, challenges students to use an illustration to convey the seriousness of government debt, deficits and unfunded liabilities, and the threat they pose to future generations.

Submissions for both contests are due by the end of March 2014. For more information visit <http://www.generation-screwed.ca/take-action/enter-a-contest/>



## Tax Talk video podcast

The CTF has relaunched its popular *Tax Talk* audio podcast – this time as a video broadcast. Every Thursday BC Director Jordan Bateman sits down with a guest to discuss issues related to taxes and government accountability. The video podcast aims to educate and entertain, inspire and even infuriate you from time to time. More importantly, Jordan hopes to give you a bigger picture of the challenges facing our country today.

Past guests have included documentary filmmaker Sean Holman, editor-at-large for Maclean's magazine Peter Shawn Taylor, as well as fellow CTF directors. They have featured issues ranging from the concentration of power in the Prime Minister's Office to out-of-control government spending. The podcast is available for viewing on the CTF's YouTube channel or as a download through iTunes (search for "Tax Talk").



## Supporter comment on an issue from Taxpayer.com

*"The CTF is the voice of the real contributors to our public finances, the beleaguered private sector taxpayer. By supporting CTF we have a voice against the public sector union monopolies!"*

Rob Viles | Donated \$ 105.00



# By the Number

Sales of men's ties in the United States in 1995:

**\$1.3 billion (USD)**

Final registration price for 1998 World Taxpayers Conference in Whistler, BC:

**\$240**

Twenty year average earnings of Canadian males who were 35 years old in 1991 (1991-2010) and had a high school diploma:

**\$975,000**

Sales of men's ties in the United States in 2008:

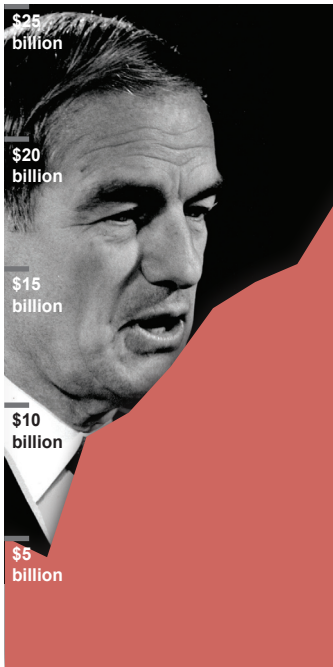
**\$677.7 million (USD)**

Final registration price for 2014 World Taxpayers Conference in Vancouver, BC:

**\$349**

Twenty year average earnings of Canadian males who were 35 years old in 1991 (1991-2010) and had a bachelor's degree:

**\$1,707,000**



**Alberta Debt**

**Taxpayer.com**



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06-07

10-11

15-16



# World Taxpayers Conference

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